ALUM S.A.
SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2018

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY
THE EUROPEAN UNION
(Together with the Independent Auditor's Report)

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii ALUM SA
To the Shareholders of ALUM SA

Raport asupra auditului situatiilor financiare
Report on the Audit of the Financial Statements

Opinia
Opinion

Am auditat situatiile financiare individuale ale societatii ALUM SA („Societatea") cu sediul social in Tulcea, strada Isaccei nr. 82, identificata prin codul unic de inregistrare fiscala 2360405, care cuprind situatia pozitiei financiare la data de 31 decembrie 2018, contul de profit si pierdere, situatia modificarilor capitalului propriu si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.
We have audited the standalone financial statements of ALUM SA (the Company) with official head office in Tulcea, Isaccei Str. nr. 82, identified by sole fiscal registration number 2360405, which comprise the statement of financial position as at December 31, 2018, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

In opinia noastra, situatiile financiare anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2018, ca si a performantei financiare si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Standardele Internationale de Raportare Financiara adoptate de catre Uniunea Europeana.
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA), Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului din 16 aprilie 2014 („Regulamentul (UE) nr. 537/2014") si Legii nr.162 /2017 („Legea 162/2017"). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru. Suntem independenti fata de Societate conform Codului etic al profesionistilor contabili emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA),conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania, inclusiv Regulamentul (UE) nr. 537/2014 si Legea 162/2017, si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.
We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare.

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Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare anexate.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Aspecte cheie de audit	*Modul de adresare*
Analiza deprecierii investitiei in filiale, a creantelor si avansurilor de la acestea Informațiile furnizate de Alum privind creanțele comerciale de la Sierra Mineral Holding Ltd. și investițiile în filiale, inclusiv deprecierea aferentă, sunt incluse în Notele 9, 10 si 27, respectiv Nota 6.	
Investitia detinuta in Global Aluminium Ltd, societatea-mama a Sierra Mineral Holding Limited, creantele fata de SMHL, precum si avansurile acordate catre SMHL, sunt semnificative pentru auditul nostru, avand in vedere soldurile inregistrate – valoarea bruta a investitiei in filiala in valoare de 82.581 mii RON, valoarea creantelor detinute de Societate de la SMHL in valoare de si 47.133 mii RON si avansuri acordate SMHL in valoare de 202.503 mii RON. In anii trecuti, industria aluminiului a inregistrat o descrestere cliclica in perioada 2013 - 2016, ceea ce a condus la inchiderea de capacitati si amanarea de catre multi investitori a investiilor in aceasta industrie; in consecinta, in perioadele precedente, conducerea Societatii a recunoscut o depreciere de 82.581 mii RON a investitiei detinute in Global Aluminium Ltd, respectiv o depreciere in valoare de 47.133 mii RON a creantelor de la SMHL si a avansurilor acordate catre SMHL. La 31 decembrie 2018 conducerea Societatii a actualizat testul de depreciere din care a rezultat o ajustare de depreciere suplimentara in valoarea de 16.940 mii RON cu privire la avansurile acordate.	Procedurile noastre de audit au inclus, printre altele, folosirea specialistilor nostri in evaluare pentru a ne asista in evaluarea ipotezelor cheie si a metodologiilor utilizate de catre Societate in cadrul testului de depreciere al invesitiilor in filiale si a creantelor de incasat de la SMHL. Procedurile noastre, au inclus, dar nu s-au limitat la: - evalaurea competentei, capabilitatilor si obiectivitatii evaluatorului extern - validarea ratei de actualizare, inclusiv a ratei fara risc, rata de risc a tarii, gradul de indatorare si costul capitalurilor imprumutate; - analiza principalelor ipoteze luate in calcul la estimarea fluxurilor viitoare de numerar (cum ar fi evolutia viitoare a preturilor de vanzare, volumul productiei, costuri si cheltuieli, modificari in capitalului circulant, etc) prin analiza consecventei ipotezelor cu evolutia mediului economic specific, cu informatiile de piata disponibile si cu planul de afaceri al Societatii; - dacă anumite ipoteze au luat în considerare sau nu riscurile asociate fluxurilor de trezorerie, au inclus variabilitatea potențială a valorii și perioadei de realizare a fluxurilor de trezorerie și efectul aferent asupra ratei de actualizare;

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Testul anual de depreciere al investitiei detinute in filiale este semnificativ pentru auditul nostru, intrucat procesul de evaluare este complex, necesita estimari semnificative din partea managementului si este bazat pe ipoteze care sunt fundamentate pe evolutia viitoare a pretului global al bauxitei si a conditiilor de operare din Sierra Leone.	- analiza senzitivitatii valorii recuperabile a unitatii generatoare de numerar, pentru a intelege impactul potential al modificarilor rezonabile in ipotezele semnificative ale modelului; - am evaluat acuratetea bugetelor si estimarilor precedente ale managementului prin comparatie cu performanta actuala inregistrata in anul curent fata de cea prongozata anterior; - am testat acuratetea matematica a modelului utilizat precum si conformitatea acestuia cu cerintele standardelor de evaluare; De asemenea, am evaluat masura in care informatiile prezentate de Societate cu privire la testul de depreciere a activelor sunt adecvate.

Key audit matter	*How our audit addressed the key audit matter*
Impairment testing of investment in subsidiaries and trade receivables and advances from Sierra Mineral Holdings Ltd. ("SMHL") *Alum's disclosures of trade receivables from Sierra Mineral Holding Ltd. and the investment in subsidiaries, including the related impairment, are included in Note 9,10 and 27 and Note 6, respectively.*	
Investment in Global Aluminium Ltd, the parent of SMHL, trade receivables and advances to SMHL, are significant to our audit because of their magnitude, with a gross book value of RON 82,581 thousand for the investment in subsidiary, RON 47,133 thousand for the trade receivable and advances granted to SMHL of RON 202,503 thousand.	*Our audit procedures included, among others, involvement of our internal valuation specialists to assist us in evaluating the key assumptions and methodologies used by the Company for the impairment testing of its investment in subsidiaries and amounts receivable from SMHL.* *Specifically our work included, but was not limited to, the following procedures:* · *assessed the competence, capabilities and objectivity of the external valuation expert* · *evaluated the discount rate used in the model including specific inputs to the determination of the discount rate such as the risk-free rate and country risk rates, along with gearing and cost of debt;*

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The aluminium industry has suffered a cyclical downturn in the period 2013 - 2016, resulting in capacity shutdowns and deferred investments by many players in the industry; as a consequence, in prior years the management has recognized an impairment adjustment of RON 82,581 thousand on the Company's investment in Global Aluminium Ltd and of RON 47,133 thousand on the receivables from SMHL. *As of 31 December 2018, the management has updated the impairment test which resulted in an additional impairment adjustment of RON 16,940 thousand in relation to advances granted to SMHL.* *The annual impairment test is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future prices of bauxite (a global commodity) and market conditions in Sierra Leone.*	· *analysed the key assumptions applied in the estimates of future cash flows (such as expected sales prices, production / sales volumes, cost and expenses, working capital changes, etc.) for consistency with the general and industry-specific economic environment and relevant available market information and the business plans of the Group;* · *assessed whether or not certain assumptions considered the risks associated with the cash flows, included the potential variability in the amount and timing of cash flows and the related effect on the discount rate.* · *analysed the sensitivity of the recoverable amounts, to understand the potential impact to reasonable changes in the significant assumptions.* · *assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year;* · *tested the mathematical accuracy of the impairment model used and its conformity with the requirements of the valuation standards;* *We further assessed the adequacy of the Company's disclosures about impairment testing of investment in subsidiaries and receivables from them.*

Alte informatii
Other information

Alte informatii includ Raportul administratorilor, dar nu includ situatiile financiare si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Administrators' Report but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In legatura cu auditul efectuat de noi asupra situatiilor financiare, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare
Responsibilities of Management and Those Charged with Governance for the Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare in conformitate cu Standardele Internationale de Raportare Financiara adoptate de Uniunea Europeana, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Standards of Financial Reporting as adopted by European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Responsabilitatile auditorului pentru auditul situatiilor financiare
Auditor's Responsibilities for the Audit of the Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare.
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

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- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

- Evaluam prezentarea, structura si continutul general al situatiilor financiare, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, masurile de siguranta aferente.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. 77
Registered in the electronic Public Register under No. 77

Nume Auditor / Partener: Alexandru Lupea
Name of the Auditor/ Partner: Alexandru Lupea
Inregistrat in Registrul Public electronic cu nr. 273
Registered in the electronic Public Register under No. 273

Bucuresti, Romania
Bucharest, Romania
21 martie 2019
21 March 2019

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ALUM S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Note	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	171,705	139,612
Intangible assets	**5**	24	19
Investments in subsidiaries	**6**	-	-
Deferred tax asset	**7**	10,265	7,603
Other non-current assets	**27**	-	17,175
Total non-current assets		**181,994**	**164,409**
Current assets			
Inventories	**8**	153,160	112,924
Trade receivables	**9**	11,135	20,984
Other receivables	**10**	190,444	208,371
Current income tax	**7**	-	-
Restricted cash	**11**	3,246	6,519
Cash and cash equivalents	**11**	844	1,735
Total current assets		**358,829**	**350,533**
Total assets		**540,823**	**514,942**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**13**	488,413	488,413
Reserves	**12**	46,959	47,782
Accumulated deficit		(227,899)	(280,789)
Total equity		**307,473**	**255,405**
Non-current liabilities			
Borrowings, long term	**14**	59,953	-
Financial lease liabilities	**14**	99	292
Retirement benefit obligation	**15**	4,033	3,507
Provisions	**16**	19,468	18,494
Government grants, non-current portion	**17**	4,520	1,769
Other non-current liabilities		1,405	450
Total non-current liabilities		**89,478**	**24,512**

	Note	December 31, 2018	December 31, 2017
Current liabilities			
Trade and other payables	**18**	51,912	55,062
Borrowings	**14**	300	-
Financial lease liabilities	**14**	193	470
Provisions	**16**	3,009	-
Government grants, current portion	**17**	323	-
Current income tax liability	**7**	4,727	-
Other current liabilities	**19**	83,408	179,493
Total current liabilities		**143,872**	**235,025**
Total liabilities		**233,350**	**259,537**
Total equity and liabilities		**540,823**	**514,942**

These separate financial statements were authorized for issue by the management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

ALUM S.A.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from contracts with customer	**20**	875,818	635,446
Cost of sales	**21**	(774,625)	(589,952)
Gross profit		**101,193**	**45,493**
Other operating income	**22**	2,193	1,652
Impairment of fixed assets	**4**	6	3
Administrative expenses	**23**	(46,612)	(21,235)
Other operating expenses	**24**	(3,024)	(1,206)
Other operational gains and losses	**25**	(3,434)	(6,635)
Operating result		**50,322**	**18,073**
Financial income		15,574	2,049
Financial expenses		(4,216)	(3,206)
Finance costs, net	**26**	11,358	(1,157)
Profit/(Loss) before tax		**61,680**	**16,916**
Income tax	**7**	(9,354)	(2,896)
Profit/(Loss) for the year		**52,326**	**14,020**
Other comprehensive income/(loss), net of tax			
Remeasurement gains/(losses) on defined benefit plans*		(307)	(514)
Income tax effect		49	82
Other comprehensive income for the year, net of tax		(258)	(432)
Total comprehensive income/(loss) for the year		**52,068**	**13,588**

***)** items that will not be reclassified into Statement of Comprehensive Income in the future

These separate financial statements were authorized for issue by the management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

ALUM S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Share Capital	Reserves	Accumulated Deficit	Total
Balance at January 1, 2017	**488,413**	**51,897**	**(298,496)**	**241,814**
Profit for the year	-	-	14,020	14,020
Remeasurement of post-employment benefits, net of tax	-	-	(432)	(432)
Total Comprehensive income			**13,588**	**13,588**
Transfer to legal reserve	-	671	(671)	-
Transfer of realized revaluation reserve	-	(4,787)	4,787	-
Balance at December 31, 2017	**488,413**	**47,782**	**(280,789)**	**255,405**
Balance at January 1, 2018	**488,413**	**47,782**	**(280,789)**	**255,405**
Profit for the period	-	-	52,326	52,326
Remeasurement of post-employment benefits, net of tax	-	-	(258)	(258)
Total Comprehensive loss			**52,068**	**52,068**
Transfer to legal reserve	-	3,305	(3,305)	-
Transfer of realized revaluation reserve	-	(4,128)	4,128	-
Balance at December 31, 2018	**488,413**	**46,959**	**(227,899)**	**307,473**

These separate financial statements were authorized for issue by the management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

Attached notes are part of the separate financial statements.

ALUM S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2018	Year ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**61,680**	**16,916**
Adjustments for:			
Unrealised foreign exchange differences		819	9,558
Amortization and depreciation expense		18,059	16,759
Net loss on sale of property, plant and equipment		(392)	(19)
Allowance for impairment of receivables	**9**	12,719	(5,338)
Impairment allowance for property, plant and equipment	**4**	(6)	(3)
Impairment of investment	**6**	-	-
Movement in provisions	**16**	3,009	-
Allowance for slow moving and obsolete inventory	**8**	(23)	14
Increase in retirement benefit obligation	**15**	77	41
Interest income	**26**	(936)	(2,049)
Interest expense	**26**	3,507	2,993
Dividend income	**26**	(14,541)	-
Operating (loss)/profit before working capital changes		**83,972**	**38,872**
Movements in working capital:			
(Increase) in receivables		(2,065)	(3,191)
(Increase) in inventories		(40,213)	(6,847)
Increase/(decrease) in payables		(92,298)	22,210
Cash generated from/(used in) operations		**(51,604)**	**51,044**
Income tax paid		(7,241)	323
Interest paid		(6,335)	(2,092)
Interest received		1,741	244
Net cash generated from/(used in) operating activities		**(63,439)**	**49,519**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment and intangible assets		(48,967)	(24,942)
Government grants received	**17**	3,244	1,598
Dividends received		14,541	-
Collection of outstanding loans		30,031	1,864
Restricted cash	**11**	3,273	(6,075)
Net cash from/(used in) investing activities		**2,122**	**(27,555)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		60,426	-
Repayment of borrowings		-	(20,884)
Net cash (used in)/generated by financing activities		**60,426**	**(20,884)**

Attached notes are part of the separate financial statements.

ALUM S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2018	Year ended December 31, 2017
(Decrease)/increase in cash and cash equivalents		**(891)**	**1,080**
Cash and cash equivalents at the beginning of the year	**11**	**1,735**	**655**
Cash and cash equivalents at the end of the year	**11**	**844**	**1,735**

These separate financial statements were authorized for issue by the management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

1. GENERAL INFORMATION

ALUM S.A. (the "Company", the "Entity") is a joint-stock company set up under the Romanian law. The Company was initially established in March 1972, ALUM S.A. Tulcea being the largest producer of calcined alumina in Romania.

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V. Netherlands which in its turn is owned by ViHolding N.V. (Netherland Antilles) a company controlled by MAXON LIMITED.

The main activity is hydro metallurgical processing of bauxite to obtain aluminium oxide, the main raw material for obtaining aluminium.

Company's production processes and products have been certified in accordance with international standards for quality assurance.

The address of the Company's registered office is 82 Isaccei Street, Tulcea, Tulcea County, Romania.

Alum is listed on Bucharest Stock Exchange, AeRO segment. Its price per share could be analysed as follows:

	2018	2017
- minimum price (RON)	1	0.79
- maximum price (RON)	2.98	1.675
- average price (RON)	1.99	1.23

The evolution of average number of the Company's employees was as follows:

	2018	2017
Average number of employees	765	725

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements provide comparative information in respect of the previous period.

Following below are the new standards, amendments and interpretations to existing standards adopted starting 1 January 2018 and their effect in the preparation of the Company financial statements for the year ended 31 December 2018.

Standards and interpretations effective in 2018 that the Company has applied to these financial statements:

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2018:

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has taken the exemption in paragraph 7.2.15 of IFRS 9 from restating prior periods in respect of IFRS 9's classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. At the same time, following the analysis performed by the Company, no impact from the adoption of IFRS 9 that would require the restatement of the retained earnings resulted, therefore opening retained earnings have not been restated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards and interpretations effective in 2018 that the Company has applied to these financial statements (continued)

(a) Classification and measurement

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Company's debt financial assets are, as follows:

- *Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company's Trade and other receivables and Long-term loans receivable.

- *Financial assets at FVPL* comprise derivative instruments.

The assessment of the Company's business models was made as of the date of initial application, 1 January 2018 and the management concluded that the reclassification for these instruments is not required.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39.

(b) Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets (i.e. Long-term loans receivable), the ECL is based on the 12-month or lifetime ECL for the instrument, according the evolution of the credit risk between the granting date and the balance sheet date. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards and interpretations effective in 2018 that the Company has applied to these financial statements (continued)

IFRS 15 Revenue from contracts with customers

- IFRS 15 Revenue from contracts with customers, issued in May 2014 and amended in April 2016. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all prior revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Company has adopted the new standard on the required effective date using the cumulative effect method.

The Company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying the standard, if any, recognized at the date of initial application (i.e. 1 January 2018). As a consequence of the analysis performed by the Company, no impact was identified from adopting IFRS 15 that would require the restatement of the retained earnings, therefore no restatement adjustment was included in the retained earnings.
At the same time, adopting IFRS 15 using the cumulative effect method does not foresee that the Company should apply the requirements of IFRS 15 to the comparative period presented..

Sales of goods

Until 31 December 2017, revenue was measured at the fair value of the consideration received or receivable. Revenue was reduced by estimated customer returns, rebates and other similar allowances.

Specifically, revenue from the sale of goods was recognized when goods are delivered and legal title is passed.
Under IFRS 15, revenue is recognized when a customer obtains control of the goods. The Company deliver goods (mainly calcined alumina, aluminium hydroxide) under contractual terms based on internationally accepted delivery conditions (INCOTERMS). The moment when the customer obtains control of the goods is deemed to be substantially the same for the majority of contracts of the Company under IFRS 15 as under IAS 18.

The Company has concluded that revenue should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In adopting IFRS 15, the Company has considered the following:

Principal versus agent considerations

Under IFRS 15, the assessment is based on whether the Company control the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.

The Company has concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory.

Recognition of revenue from distinct performance obligations

The Company has analyzed its contracts with customers to determine all its performance obligations and it has not identified any new performance obligation that should be accounted for separately in accordance with IFRS 15.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards and interpretations effective in 2018 that the Company has applied to these financial statements (continued)

Rendering of services

The Company performs sundry services occasionally and as a non core business. Revenue is measured at the fair value of the consideration received or receivable. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sells the services in separate transactions. Based on the Company's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the application of IFRS 15 does not result in significant differences in the timing of revenue recognition for these services.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not material for the Company.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These amendments do not have any impact on the Company’s financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach, which would permit entities that issue contracts within the scope of IFRS 4 to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The amendments do not impact financial statements of the Company.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Company’s financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The Company’s practice was in line with the Interpretation, therefore it doesn't have any effect on the financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards and interpretations effective in 2018 that the Company has applied to these financial statements (continued)

Annual Improvements to IFRSs 2014 – 2016 Cycle

The improvements do not have a material impact on the Company's financial statements. These annual improvements are a collection of amendments to IFRSs:

-IFRS 1 First-time Adoption of International Financial Reporting Standards: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

- IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Standards issued but not yet effective and not early adopted

- *Conceptual Framework in IFRS standards*. The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It's objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- *IFRS 16 Leases*, issued on 13 January 2016 is effective for annual periods beginning on or after 1 January 2019 (early application is permitted, but not before an entity applies IFRS 15). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

The Company plan to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Company will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Company will recognise new assets and liabilities for its operating leases of vehicles, land and equipments (see Note 30). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Company estimate that it will recognise additional lease liabilities and new assets in amount of RON 2,745 thousand.

- IFRS 17 Insurance Contracts. The standard, issued on 18 May 2018, is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. The standard has not been yet endorsed by the EU. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.
The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. This standard is not applicable to the Company.

- Amendment to IFRS 3 Business Combinations,issued on 22 October 2018 (not yet adopted by EU) intended to improve the definition of a business and assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments apply prospectively to transactions or other events that occur on or after the date of first application.

- Amendments to IFRS 9 Prepayment features with negative compensation were issued on 18 May 2018 (effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted). The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be ‘negative compensation’), to be measured at amortized cost or at fair value through other comprehensive income. The amendments are not expected to have an impact on the Company's financial statements.

- Amendments to IAS 1 and IAS 8: Definition of Material, issued on 31 October 2018 (not yet adopted by EU). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS. The new definition states that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. Although the amendments to the definition of material is not expected to have a significant impact on financial statements, the introduction of the term ‘obscuring information’ in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how the information is organised in the financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement, issued on 7 February 2018 (not yet adopted by EU). The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.

- Amendments to IAS 28: Long-term interests in associates and joint ventures (issued on 12 October 2018, not yet adopted by the EU). The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These amendments are not applicable to the Company.

- IFRIC 23 Uncertainty over income tax treatments. Interpretation was issued on 7 June 2017, is applicable for annual periods beginning on or after 1 January 2019 and earlier application is permitted. Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The directors do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective for annual periods beginning on or after 1 January 2019), not yet adopted by the EU. The improvements are not expected to have a material impact on the Company's financial statements. These annual improvements are a collection of amendments to IFRSs:

-IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

-IAS 12 Income Taxes: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

-IAS 23 Borrowing Costs: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for certain items of property, plant and equipment that are measured at revalued amounts as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.
At the first application of IFRS, the Company has chosen to apply the deemed cost exemption for land and buildings as well as for equipment. The fair value was considered by the Company as deemed cost on transition to IFRS on January 1, 2005 considering the revaluation as 31 December 2004 as a good measure of the fair value.

Going concern

These separate financial statements have been prepared on a going concern basis, which assumes that the Entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The principal accounting policies are set out below.

Group accounting

The Company has participating interests in other companies, in which it has control over the financial and operational policies. These investments are recorded at cost less impairment allowance, in the separate financial statements. In accordance with International Accounting Standard 27 „Consolidated and separate financial statements", the Entity has to prepare consolidated financial statements. The Entity issues also consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. A list of investments in subsidiaries is presented in Note 6.

Foreign currencies

In preparing the separate financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date and included as foreign exchange difference. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the hedging accounting policies);

For the purpose of presenting the financial statements in RON, the assets and liabilities of the foreign operations whose functional currencies are different than RON, are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the periods presented. Equity items are translated at their historical exchange rates. Exchange differences arising on the translation are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Closing exchange rates for EUR and USD were 4.6597 RON and 4.0736 RON as at December 31, 2018 (December 31, 2017: 4.6597 RON and 3.8915 RON respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost less their residual values over the following useful lives, using the straight-line method:

Buildings and other constructions	2 – 52 years
Plant and machinery	1 – 25 years
Equipment and vehicles	1 – 25 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowings costs are recognized in profit or loss in the period in which they are incurred.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated profit or loss at the date of the derecognition.

Emission rights

The Company recognizes emission CO2 rights in its separate financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission credit quotas, granted to the Company under Government decision no. 204/2013 by the Romanian National Environmental Authority, are recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Emission rights (continued)

The Company estimates its annual emission volumes at each balance sheet date and recognizes the total estimated additional liability for the expected excess of emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognized in profit or loss based on unit of production method.
In case the Company estimates utilization of less than the allocated emission certificates any potential income from the sale of unused emission certificates is recognized in profit or loss only on actual sale of those certificates.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The capitalized expenses for the development activities are amortized over a period of 5 years.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in consolidated profit or loss when the asset is derecognized.

Intangible assets are amortized over a period between 3 years (for software) and 50 years (for concessions).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as financial assets ‘at fair value through profit or loss' (FVTPL).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

For purposes of subsequent measurement financial assets are classified into the following specified categories: amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

- *Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely payments of principal and interest (SPPI) criterion. This category includes the Company's Trade and other receivables and Long-term loans receivable.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Financial assets at FVPL* include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments in subsidiaries

In the separate financial statements investments in subsidiaries are stated at historical cost less accumulated impairment losses.

Dividends on AFS equity instruments are recognized in profit or loss when the Compay's right to receive the dividends is established.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Impairment of financial assets

The Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For trade receivables and contract assets, the Company apply a simplified approach in calculating ECLs. Therefore, the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and equity instruments

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
-it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Gains (losses) from derivative financial instruments, net' or ’’Other financial gains/(losses), net’’. Fair value is determined in the manner described in Note 30.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group and Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
- Raw materials: purchase cost on a first in, first out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost, determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses are also booked for slow moving, damaged and obsolete inventory.

Share capital

i) Ordinary shares are classified as equity.
ii) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds;
iii) Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Legal reserve

Legal reserves are computed based on the legislation in force and are deducted from the profit of the current financial year by allocating minimum 5% from the profit, until it reaches at least the 20% of the share capital.

Related parties

Parties are considered related when other party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly control or significantly influence the other party.

Government grants

Government grants are recognised once there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. They are recognised in the profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under "other income". Government grants that are receivable as a compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment cover. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

All employees of the Company are members of the Romanian State pension plan.

The Company awards its employees with several retirement benefits according to the Collective Labour Agreement. For this defined benefit retirement plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Defined benefit costs are categorized as follows:
- Service costs (comprising current service cost, past service cost, as well as gain and losses on curtailments and settlements), included in profit or loss line item "Cost of sales" or "Administrative expenses" within personnel costs.
- Net interest expense, included in profit or loss line item "Finance costs, net" within interest expenses
- Remeasurement.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease payments for finance leases are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue from contracts with customers

Sales of goods

Under IFRS 15, revenue is recognized when a customer obtains control of the goods. The Company deliver goods (mainly calcined alumina and aluminium hydroxide) under contractual terms based on internationally accepted delivery conditions (INCOTERMS).

The Company recognize revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Principal versus agent considerations

Under IFRS 15, the assessment is based on whether the Company control the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.
The Company have concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory.

Recognition of revenue from distinct performance obligations

The Company have analyzed its contracts with customers to determine all its performance obligations and it has not identified any new performance obligation that should be accounted for separately in accordance with IFRS 15.

Rendering of services

The Company perform sundry services occasionally and as a non core business. Revenue is measured at the expected value of the consideration received or receivable. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sell the services in separate transactions. Based on the Company's assessment, the allocated value based on the stand-alone selling prices of the services, and the stand-alone prices of the services are broadly similar.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business.

Amounts received from customers in advance of goods delivery or service performance are recognized by the Group and the Company as liabilities on the Statement of Financial Position as "Advances from customers" until the Group or the Company actually transfers control of the goods delivered to the client or performs the contracted service.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense comprises current and deferred tax. The current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Statutory income tax rate for the year ended December 31, 2018 was 16% (December 31, 2017: 16%).

Currently the fiscal losses can be carried forward in Romania for 7 years.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise items such as convertible notes and share options granted to employees.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:
- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- When receivables and payables are stated with the amount of sales tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognized when the Entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Entity's obligation.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical data and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements.

i) Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

There were no impairment indications identified for the Company, therefore no impairment test of the property, plant and equipment was performed as at 31 December 2018 and December 2017. (Note 4).

ii) Impairment of investments in subsidiaries

The Company's investments in subsidiaries are accounted for at cost less the impairment. Impairment exists when the carrying value of an investment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The cash flows are derived from the Company's budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the investments are disclosed and further explained in Note 6.

iii) Retirement benefit obligations

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and longevity. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Additional information is disclosed in Note 15.

iv) Tax uncertainties and Deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, when necessary, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in that context.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Detailed information is disclosed in Note 7.

v) Provision for decommissioning.

Decommissioning costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Detailed information is disclosed in Note 16.

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**20,057**	**182,182**	**360,304**	**24,964**	**7,869**	**-**	**595,376**
Additions	-	-	3	3	27,936	2,732	30,675
Transfer between categories	-	3,965	6,621	1,457	(12,042)	-	-
Disposals	-	(2,869)	(3,384)	(1,111)	-	-	(7,364)
Closing balance at December 31, 2017	**20,057**	**183,278**	**363,544**	**25,312**	**23,763**	**2,732**	**618,687**
Additions	-	230	-	422	49,609	321	50,582
Transfer between categories	-	3,749	10,351	3,617	(17,717)	-	-
Disposals	-	(55)	(845)	(595)	-	-	(1,495)
Closing balance at December 31, 2018	**20,057**	**187,202**	**373,050**	**28,756**	**55,656**	**3,053**	**667,774**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**-**	**126,058**	**322,538**	**15,273**	**-**	**-**	**463,869**
Charge for the year	-	6,848	9,301	552	-	-	16,700
Transfer between categories	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	(5)	(3,381)	(1,069)	-	-	(4,455)
Closing balance at December 31, 2017	**-**	**132,902**	**328,457**	**14,756**	**-**	**-**	**476,115**
Charge for the year	-	6,797	10,437	805	-	-	18,039
Transfer between categories	-	-	-	-	-	-	-
Accumulated depreciation of disposal	-	(55)	(803)	(181)	-	-	(1,039)
Closing balance at December 31, 2018	**-**	**139,644**	**338,091**	**15,381**	**-**	**-**	**493,116**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Allowances for impairment	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital Assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**-**	**119**	**125**	**926**	**1,792**	**-**	**2,962**
Impairment charge for the period	-	-	-	-	-	-	-
Reversal of impairment	-	-	(4)	-	-	-	(4)
At December 31, 2017	**-**	**119**	**121**	**926**	**1,792**	**-**	**2,959**
Impairment charge for the period	-	21	-	-	-	-	-
Reversal of impairment	-	-	(27)	-	-	-	(4)
At December 31, 2018	**-**	**140**	**94**	**926**	**1,792**	**-**	**2,959**
Net book value							
At December 31, 2017	**20,057**	**50,257**	**34,965**	**9,630**	**21,971**	**2,732**	**139,612**
At December 31, 2018	**20,057**	**47,418**	**34,865**	**12,448**	**53,864**	**3,053**	**171,705**

The Company recorded full provision for the future cost of rehabilitating the red mud lake waste dump on a discounted basis. The change in the year increased the value of the fixed asset as of December 31, 2018 by RON 230 thousand (2017: - RON 2,864 thousand) (see Note 16). The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2023, which is when the storage on the site should be either closed or extended.

No borrowing costs were capitalized in 2017.

The gross book value of the Property, plant and equipment of the Company includes the amount of RON 902 thousand representing borrowing costs capitalized in accordance with IAS 23 Borrowing costs as revised. The borrowing costs consist of interest and transaction costs that the Company incur in relation to the contracted loans. In 2018 at the Company level there were interest expenses capitalized of RON 799 thousand at an average interest rate of 5.87% p.a. .

4. PROPERTY, PLANT AND EQUIPMENT (continued)

The gross book value of the fully amortized fixed assets in use as of December 31, 2018 is in amount of RON 148,798 thousand (2017: RON 161,639 thousand).

As of December 31, 2018 property, plant and equipment of Alum S.A. have been pledged to secure the borrowing contracted by the company with a carrying amount of RON 110,407 thousand (December 31, 2017: RON 1,133 thousand) (Note 14).

In the category of capital assets in progress is included, mainly, the value of equipments purchased for the project co-funded from European funds that will be put in function in 2019.

Impairment tests for property, plant and equipment

There were no impairment indications identified, therefore no impairment test of the property, plant and equipment was performed as at 31 December 2018 and 31 December 2017.

5. INTANGIBLE ASSETS

Cost	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**4,367**	**311**	**-**	**4,678**
Additions	-	23	-	23
Transfer to fixed assets.	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2017	**4,367**	**334**	**-**	**4,702**
Additions	-	24	-	24
Transfer to tangible assets	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2018	**4,367**	**358**	**-**	**4,725**

Accumulated depreciation	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**4,367**	**256**	**-**	**4,623**
Charge for the year	-	60	-	60
Disposals	-	-	-	-
As at December 31, 2017	**4,367**	**316**	**-**	**4,683**
Charge for the year	-	19	-	19
Disposals	-	-	-	-
As at December 31, 2018	**4,367**	**335**	**-**	**4,702**
Net book value at December 31, 2017	**-**	**19**	**-**	**19**
Net book value at December 31, 2018	**-**	**24**	**-**	**24**

Development expenses include projects and studies related to the silicon removal processes and technological plant sizing, increase of the vertical kiln capacity, technical and technological rehabilitation. The capitalized expenses for the development activities are amortized over a period of 5 years.

6. INVESTMENT IN SUBSIDIARIES

	Year ended December 31, 2018	Year ended December 31, 2017
At January 1	82,581	82,581
Additions	-	-
Impairment of investment	(82,581)	(82,581)
At December 31	**-**	**-**

On May 1, 2011 Alum acquired from Vimetco N.V., related party, 100% of investment company Global Aluminium Ltd. whose assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Minerals Holding 1 Ltd. and 100% shareholding in Bauxite Marketing Ltd.

Bought by Vimetco N.V. in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tons of bauxite, produced 1,938,461 tons in 2018 (2017: 1,787,716 tons). The bauxite mine produces raw material for Alum S.A.

Global Aluminium Ltd. has accumulated a deficit of USD (16,124) thousand as of December 31, 2018 (2017: USD (26,821) thousand).

As of December 31, 2018 CMF Consulting, an independent valuator, performed an impairment test for Alum's investment in Global Aluminium Ltd. The recoverable amount of cash-generating units operating in Sierra Leone (Global Aluminium Ltd.) was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors at 31 December 2018 and 2017 cover a five-year period. The after-tax discount rate is of 19.4% per annum (in 2017: 17.2% until 2018 and 19.9% thereafter). The cash flows beyond the five-year period have been extrapolated until the year 2035, when the estimated reserves (measured, indicated and inferred) will be depleted at a 2.2% growth rate in line with the forecast inflation (in 2017: 2%), except for the terminal year when a reduced production is foreseen at the level of the remaining reserves. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 30).

The key assumptions for the cash-generating unit Global Aluminium Ltd. are:

	2018	2017
Discount rate	19.4%	17.2%
Growth rate (average of next five years)	1.0%	4.1%
EBITDA margin	18.7%	19.9%

The discount rate is the CGU weighted-average cost of equity of 20.2% (in 2017: 18.3%), calculated based on the average unlevered betas of comparable companies within the industry and of a cost of debt after tax of 1.1% (in 2017: 6.0%), using the CGU's debt leverage of 4.3% (in 2017: 9.3%).
Growth rates during the next five years are based on current contract with Alum reflecting the price in the market for long term contracts and on company's intention to develop sales to third party clients.

According to the impairment test the equity value (market value) of SMHL is negative. The result has been compared with Alum's exposure (investment value, trade receivables and advances for bauxite) and the difference has been recorded as depreciation in the following order: investment in subsidiary, trade receivables and other receivables (i.e. advances for bauxite).

7. INCOME TAXES

Income tax recognized in the profit or loss

	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax	11,967	-
Deferred income tax (credit)/expense	(2,613)	2,896
Total income tax revenue recognized in the current year	**9,354**	**2,896**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
(Loss)/profit before tax	61,680	16,916
Income tax credit/(expense) calculated at 16%	(9,869)	(2,707)
Tax effect of permanent differences	515	(189)
Recognition of previously unrecognized temporary deductible differences	-	-
Income tax (expense)/revenue reported in profit and loss	**(9,354)**	**(2,896)**

The tax rate used for the 2018 and 2017 reconciliations above is the corporate tax rate of 16% payable by corporate entities in Romania on taxable profits under tax law in that jurisdiction.

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position:

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recycled to profit or loss	Closing balance
Property, plant and Equipment	(5,100)	399	-	-	(4,700)
Bank borrowings	-	-	-	-	-
Inventories	(272)	721	-	-	449
Trade receivables and other current assets	8,240	2,035	-	-	10,275
Long-term provisions	2,959	156			3,115
Short term provisions	-	481			481
Retirement benefits obligation	561	35	49	-	645
Trade payables	-	-	-	-	-
Tax losses c/fw	1,215	(1,215)	-	-	-
Deferred tax asset / (liability)	**7,603**	**2,613**	**49**	**-**	**10,265**

8. INVENTORIES

	December 31, 2018	December 31, 2017
Raw materials	7,485	51,516
Consumables	9,408	8,910
Finished goods	6,349	2,234
Work in progress	63,138	49,694
Semi-finished goods	715	583
Other	144	88
Allowance for slow moving and obsolete inventories	(78)	(101)
Total	**153,160**	**112,924**

Movement in the provision for inventory is as follows:

	2018	2017
Balance at beginning of the year	101	87
Charge during the year	-	14
Release during the year	(23)	-
Balance at end of the year	**78**	**101**

The value of the expensed inventories in 2018 is of RON 509,731 thousand (2017: RON 383,674 thousand).
The value of inventories pledged for securing the Company's borrowings amounts RON 153,238 thousand (31 December 2017: nil).

9. TRADE RECEIVABLES

	December 31, 2018	December 31, 2017
Foreign trade receivables	54,043	67,875
Domestic trade receivables	4,382	4,619
Allowance for doubtful receivables	(47,290)	(51,510)
Total	**11,135**	**20,984**

There is one customer representing individually more than 10% of the total balance of trade receivables as at December 31, 2018 (2017: 3 customers).

Movement in allowance for doubtful receivables is as follows:

	2018	2017
Balance at beginning of the year	51,510	56,848
Charge during the year	15	5
Release during the year	(4,236)	(5,343)
Balance at end of the year	**47,290**	**51,510**

In determining the recoverability of a trade receivable, the Company consider any change in the credit quality of the customer from the date the credit was initially granted up to the reporting date and adjusted for forward-looking factors specific to the debtors and the economic environment.

9. TRADE RECEIVABLES (continued)

Accordingly, the Company's management believes that there is no further credit provision required in excess of the allowance for doubtful receivables already provided for.

According to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2018 there is a potential loss from receivables from SMHL for which the Company recorded a provision in amount of USD 11,570 thousand (RON 47,133 thousand) (2017: USD 13,177 thousand (RON 51,278 thousand)). More details are presented in Note 6. The receivables from SMHL are in amount of RON 47,133 thousand (2017: RON 51,278 thousand).

A part of the Company's receivables (RON 7,264 thousand at 31 December 2018) are pledged to secure the loans obtained from banks.

The table below is an analysis of trade receivables as at December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
Neither past due nor impaired	6,829	8,328
Past due but not impaired	4,200	12,657
Past due more than 3 months*	-	-
Past due more than 9 months*	47,396	51,510
Allowance for doubtful receivables	(47,290)	(51,510)
Total	**11,135**	**20,984**

*) trade receivables impaired

Ageing of receivables that are past due but not impaired:

	December 31, 2018	December 31, 2017
Less than 3 months	1,044	1,741
3 months to 6 months	-	194
6 months to 9 months	-	13
More than 9 months	3,156	10,709
Total	**4,200**	**12,657**

These relate to a number of independent customers or related party entities, for which there is no recent history of default. Refer also to Note 30 Risk management for further details.

10. OTHER RECEIVABLES

	December 31, 2018	December 31, 2017
Short term loan receivables (Note 27)	1,059	14,378
Advances to suppliers (Note 27)	203,370	192,537
VAT recoverable	1,560	163
Other debtors	219	550
Prepayments	1,192	759
Allowance for doubtful debtors	(16,956)	(16)
Total	**190,444**	**208,371**

10. OTHER RECEIVABLES (continued)

According to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2018 there is a potential loss from advances to SMHL for which the Company recorded a provision in amount of USD 4,158 thousand (RON 16,940 thousand) (2017: 0). More details are presented in Note 6. The advances to SMHL are in amount of RON 205,503 thousand.

The movement in allowance for doubtful debtors is as follows:

	December 31, 2018	December 31, 2017
Balance at beginning of the year	16	16
Charge for the year	16,940	-
Release for the year	-	-
Balance at end of the year	**16,956**	**16**

11. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash at banks in RON	407	1,495
Cash at banks in foreign currency	434	234
Restricted cash	3,246	6,519
Cash in hand in RON	3	6
Total	**4,090**	**8,254**

Restricted cash represents cash collateral deposited at banks with the purpose of issuing letters of credit for acquiring raw materials and equipments and with the purpose of maintaining a required level of liquidity in respect of interest payable on its borrowings.

On 31 December 2018 the Company has letters of credit with cash collateral transfers opened at CEC Bank in amount of EUR 364 thousand (RON 1,698 thousand) and at Raiffeisen Bank in amount of USD 370 thousand (RON 1,507 thousand). The letters of credit have been opened to guarantee the payment of contracts for equipment purchases.

Cash at banks earns interest at floating rates based on daily banks deposit rates. Short-term deposits are made for varying periods between one day and one month, depending on the immediate cash requirements of the Company.
Also, as of December 31, 2018 all current bank accounts opened by the Company, as well as all the amounts of money in their credit or by which such bank accounts are credited at a certain moment (subject to certain exceptions) are pledged to secure the borrowings contracted by the Entity in May 2018 (RON 844 thousand).

12. RESERVES

	December 31, 2018	December 31, 2017
Legal reserve	12,309	9,004
Other reserves	34,650	38,778
Total reserve	**46,959**	**47,782**

12. RESERVES (continued)

The legal reserve is made up at 20% of the issued and paid shared capital of the Company, according to the regulations in force, it is not distributable and its utilization is strictly regulated by the laws.

Other reserves include mainly amounts that were generated by statutory revaluation of fixed assets.

13. ISSUED CAPITAL

The statutory share capital as of December 31, 2018 and 2017 is as follows:

	Statutory figures					
	December 31, 2018			December 31, 2017		
SHAREHOLDERS	Number of shares	Nominal Value RON (thousand)	%	Number of shares	Nominal Value RON (thousand)	%
ALRO SA	81,595,860	485,495	99.4026	81,595,860	485,495	99.4026
Individuals	487,778	2,902	0.5942	488,354	2,906	0.5949
Other companies	2,565	15	0.0031	1,989	12	0.0024
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V.

14. BORROWINGS AND LEASES

On 17 May 2018, Alum concluded a loan in amounting to USD 20 million with Black Sea Trade and Development Bank and USD 5 million with Garanti Bank Romania S.A., respectively. The loans were granted for the purpose of financing the CAPEX program of the company. As of 31 December 2018, the Company has disbursed a total value of USD 15,000 thousand.

On 31 December 2018 the amount drawn down from these loans was of USD 15,000 thousand. The loans are repayable in 7 semi annual instalments, with two year grace periods – starting from the first disbursement date. The interest rate considers LIBOR 6M + variable margin.

For the exposure of the Company's borrowings to interest rate changes, please refer to Note 30.

According to the existing borrowing agreements the Company is subject to certain restrictive covenants. These covenants require the Company, among other things, to maintain a minimum or maximum level for certain financial ratios, including: financial debt to EBITDA and current ratio.

At 31 December 2018, the Company was compliant with all the financial loan covenants.

The Company borrowings are secured with accounts receivable amounting to RON 7,264 thousand, with current account opened with the banks (see Note 11), with property, plant and equipment (land, buildings, equipment) with a net book value of RON 109,585 thousand and with inventories of RON 153,238 thousand.

The scope of these loan facilities are mainly investments, and they will be repaid in seven half-yearly instalments after a grace period of two years. The borrowing was secured by property, plant and equipment, by actual and future accounts receivable and by the current bank accounts of the Entity opened at Raiffeisen Bank.

14. BORROWINGS (continued)

The bank borrowings of the Company will mature in 2023. In 2018, the interest rates ranged between 5.62% and 6.39%.

Also, in 2018, the Company has two ongoing finance lease agreements for backhoes for a period of three years. The net book value of leased assets at Company level as of December 31, 2018 was RON 822 thousand (31 December 2017: RON 1,152 thousand).

	December 31, 2018	December 31, 2017
Long-term borrowings		
Long-term bank loans	59,953	-
Bank loans, non-current	**59,953**	**-**
Long-term finance lease	99	292
Total long-term borrowings and finance lease	**60,052**	**292**
Short-term borrowings		
Short-term portion of long-term bank loans	300	-
Short-term bank loans, total	**300**	**-**
Short-term finance lease	193	470
Total short-term borrowings and finance lease	**493**	**21,114**
Total borrowings and finance lease	**60,545**	**762**

The minimum lease payments for finance leases are set out below:

	December 31, 2018	December 31, 2017
Lease instalments falling due:		
Within 1 year	198	485
1 to 5 years	100	298
Total lease instalments	**298**	**783**
Less: future finance charges	6	21
Present value of lease obligations	**292**	**762**
Thereof:		
Short-term finance lease obligation (less than 1 year)	193	470
Long-term finance lease obligations (1 to 5 years)	99	292

15. RETIREMENT BENEFIT OBLIGATION

Defined contribution plans

The employees of the Company are members of the state-managed retirement benefit plan and starting with January 1, 2008 can/must (for employees above/under the age of 35) subscribe to private pension funds. The Company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions during the period of employment of the respective employees.

The Company has an arrangement in place to make payments to an optional defined contribution plan for the post-employment benefit of its employees that have rendered service to the Company during the period. The defined contribution plan is managed by a separate entity and the contribution made by the Company was in the form of fixed amounts per employee, paid monthly. The Company recognized the liability undiscounted (accrued expense) at the reporting date after deducting any contribution already paid, and the expense incurred during the year, the Company's legal and constructive obligation being limited to the amounts that it contributes to the fund.

15. RETIREMENT BENEFIT OBLIGATION (continued)

Defined contribution plans (continued)

Contributions to defined contribution plans

	December 31, 2018	December 31, 2017
Social insurance costs	-	5,542
Other defined contribution pension plans	693	417

Defined benefit plans

According to the Collective Labour Agreement, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years of work and varies between 1 and 6 salaries.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2018 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2018	December 31, 2017
Expected rate of salary increase (%)	4.22	4.21
Discount rate (%)	5.11	4.19
Expected inflation rate (%)	2.72	2.73

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Recognized into P&L		
Current service cost	448	380
Interest on obligation	142	103
Benefits paid	(371)	(339)
Recognized into OCI		
Actuarial changes due to changes in assumptions	**307**	**514**
Total	**526**	**659**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Opening defined benefit obligation	3,507	2, 848
Current service cost	448	380
Interest cost	142	103
Actuarial (gains)/loss	307	514
Benefits paid	(371)	(339)
Total	**4,033**	**3,507**

16. PROVISIONS

The Company makes full provision for the future cost of decommissioning and rehabilitating the storage facilities for residual product (red mud lake) on a discounted basis. The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2023, which is when the storage on the site should be either closed or significantly expended

These provisions have been created based on the estimates made by the experienced constructions engineers specialists from ALUM. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.
Furthermore, the timing of rehabilitation is likely to depend on when the site cease to store at economically viable rates.

The discount rate used in the calculation of the provision as at 31 December 2018 was 4.29% (2017: 4.02%).

In 2018 the Company recognized a short-term provision amounting to RON 3,009 thousand for remunerating the employees in accordance with the provisions of the Collective Labour Contract (in 2017: nil). The exact amount and timing of the remuneration will be established after the approval of the financial statements for the year 2018.

	Rehabilitation	Employees remuneration
At 1 January 2017	20,674	-
Capitalized during the year	-	-
Reversals	(2,864)	-
Unwinding of discount	684	-
Utilisation	-	-
At 31 December 2017	18,494	-
At 1 January 2018	18,494	-
Capitalized during the year	230	3,009
Reversals	-	-
Unwinding of discount	743	-
Utilisation	-	-
At 31 December 2018	19,468	3,009
Comprising:		
Current 2018	-	3,009
Non-current 2018	19,468	-
Current 2017	-	-
Non-current 2017	18,494	-

17. GOVERNMENT GRANTS

	2018	2017
Balance as of 1 January 2018	**1,769**	**1,769**
Increases during the year	3,074	1,769
Revenues recorded during the year in the statement of profit or loss	-	-
Balance as of 31 December 2018	**4,843**	**1,769**
Out of which:		
Current	323	-
Non-current	4,520	1,769

Under financing contract signed on 8 September 2016, Alum SA launched a project (SMIS 2014+) co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020 " Investing in Sustainable Development ".

The project was developed in 24 month (August 2016-August 2018) for a total value of RON 20.1 million, out of which RON 12.6 million eligible subsidies (RON 6.3 million are non-reimbursable) and main object is the acquisition of various research and development equipment (hydrate drying equipment, grinding and ranking wet hydrate, etc.). In September 2018 was concluded an addendum that extended the project period with 6 months, until March 2019.

In 2017-2018 there were signed the contracts for all three equipments, for a total value of EUR 3,638 thousand, were paid the advances for all contracts in amount of EUR 1,091 thousand and were opened letters of credit in amount of 2,547 th. EUR. As of November 2018 the construction works for all three equipments have been finalized and were started the activities for training the personnel and setting up the parameters.

In 2018 the Company collected as non-refundable funds the amount of RON 3,244 thousand (2017: RON 1.598 thousand).

The only achievement indicator to be pursued by the end of the project is the number of staff in the R & D department that needs to grow by 16 people by March 7th, 2019.

Result indicators, i.e. turnover and market share, are reported annually after the project activities have been completed, only to inform the Managing Authority, but their achievement / failure is verified with the appropriate consequences only at the end of the sustainability period in 2023.

18. TRADE AND OTHER PAYABLES

	December 31, 2018	December 31, 2017
Foreign trade payables	7,099	4,036
Domestic trade payables	41,953	49,232
Accrued trade payables	2,860	1,794
Total	**51,912**	**55,062**

Details regarding the Company transactions with the related parties are presented in Note 27.

19. OTHER CURRENT LIABILITIES

	December 31, 2018	December 31, 2017
Suppliers of fixed assets	5,942	5,817
Advances from customers (Note 27)	67,948	164,902
Wages and social security	4,323	3,876
Tax on salaries	348	675
Other taxes	71	119
VAT payable	3,692	3,630
Other current liabilities	1,084	474
Total	**83,408**	**179,493**

20. REVENUE

99% of the company's revenues consist of sales of alumina and hydrate, most of them to one customer (see Note 27).

	Year ended December 31, 2018	Year ended December 31, 2017
Revenues from sale of alumina and hydrate	875,101	634,689
Other revenues	717	757
Total	**875,818**	**635,446**

21. COST OF SALES

	Year ended December 31, 2018	Year ended December 31, 2017
Energy, water and gas	191,022	147,918
Raw materials	493,671	370,683
Staff costs	37,097	30,892
Other staff costs	3,258	2,896
Consumables expenses	14,172	11,067
Amortization and depreciation	16,785	16,053
Third party services	5,205	4,077
Repairs	10,133	4,430
Transportation costs	2,012	634
Others	1,294	1,288
Allowance for slow moving and obsolete Inventories	(23)	15
Total	**774,625**	**589,952**

In 2018, the company recognized total employment benefits expenses representing salaries and other staff costs of RON 58,130 thousand (in 2017: RON 46,074 thousand) in profit and loss.
In 2018, Staff costs category increased as a result of an increase in the salary fund due to the negotiations of the Collective Labour Contract and certain bonuses for good performance granted to the Company's personnel. In 2018 the Company recognized a short-term provision amounting to RON 3,009 thousand for remunerating the employees in accordance with the provisions of the Collective Labour Contract (in 2017: nil). The exact amount and timing of the remuneration will be established after the approval of the financial statements for the year 2018.

22. OTHER OPERATING INCOME

	Year ended December 31, 2018	Year ended December 31, 2017
Income from sale of unused CO2 emission rights	-	-
Other revenues	2,193	1,652
Total	**2,193**	**1,652**

In other revenues are included, mainly, revenues from sale of electricity for the City Hall equipment that assures the town heating, demurrage for bauxite loading/unloading, rent and incomes related to sick leaves.

23. ADMINISTRATIVE EXPENSES

	Year ended December 31, 2018	Year ended December 31, 2017
Energy, water and gas	64	46
Consumables expenses	1,109	1,130
Staff costs	14,919	10,986
Third party services	10,259	7,988
Insurance	740	1,029
Taxes other than income	1,338	1,178
Amortization and depreciation	882	814
Other administrative expenses	4,582	3,402
(Decrease)/increase in allowance for doubtful receivables	12,719	(5,338)
Total	**46,612**	**21,235**

For more details regarding the movement in allowance, see Note 9.

24. OTHER OPERATING EXPENSES

Under other operating expenses, are recorded mainly expenses related to penalties for noncompliance with the estimated consumption for electricity and penalties charged by shipping companies for excess/shortage in idle time spent at bauxite loading/unloading, penalties from the dispute with Fednav, expenses related to sick leaves (2018: RON 3,024 thousand; 2017: RON 1,206 thousand).

25. OTHER OPERATIONAL GAINS AND LOSSES

	Year ended December 31, 2018	Year ended December 31, 2017
Foreign exchange (gain)/losses	3,826	6,654
Loss on disposal of fixed assets	(392)	(19)
Total	**3,434**	**6,635**

26. FINANCIAL RESULTS, NET

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income	936	2,049
Dividend income	14,541	-
Other financial income	97	-
Interest expense	(2,622)	(2,205)
Interest from discounting provisions	(743)	(684)
Interest on post-employment benefits	(142)	(103)
Bank commissions	(709)	(213)
Total	**11,358**	**(1,157)**

27. RELATED PARTY TRANSACTIONS

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V. Netherlands which in its turn is owned by ViHolding N.V. (Netherland Antilles) a company controlled by MAXON LIMITED.

Related parties are entities with common direct or indirect shareholders, directors or management. A significant proportion of Company's business is conducted through transactions with related parties and the effect of these on the basis determined between the related parties is reflected below. The transactions between the related parties are based on mutual agreements and may not always be at arm's length.

The main related parties the Entity has recorded transactions with in 2018 and 2017 are: Alro S.A., Vimetco Extrusion S.R.L., Vimetco Power Romania SRL, Conef Gaz S.R.L., Vimetco Management S.R.L. Romania, Centrul Rivergate S.R.L., Rivergate Fire S.R.L, Sierra Minerals Holding Ltd., Global Aluminium Ltd.. Details of transactions between the Entity and its related parties are disclosed below.

Related party	Related party type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Sierra Minerals Holding Ltd.	Subsidiary	Sales/purchases of goods/services
Global Aluminium Ltd	Subsidiary	Assignment of receivables
Vimetco Management Romania S.R.L.	Common control	Purchases of goods and services
Vimetco Power	Common control	Sales/purchases of goods/ services
Vimetco Extrusion	Common control	Sales/purchases of goods
Conef Gaz S.R.L.	Common control	Purchases of goods
Centrul Rivergate	Common control	Sales/purchases of goods/services
Rivergate Fire	Common control	Sales/purchases of goods/services

	Year ended December 31, 2018	Year ended December 31, 2017
Sales of goods and occasionally services		
Alro S.A.	602,843	526,549
Centrul Rivergate	36	35
Sierra Minerals Holding Ltd.	88	3,252
Vimetco Power	-	1
Vimetco Extrusion	2	2
Total	**602,969**	**529,840**

27. RELATED PARTY TRANSACTIONS (continued)

Purchases of goods and services	Year ended December 31, 2018	Year ended December 31, 2017
Alro S.A.	30,138	19,441
Centrul Rivergate	3,110	4,236
Rivergate Fire	2,897	-
Conef Gaz S.R.L.	166,705	129,472
Vimetco Management Romania S.R.L.	780	781
Sierra Minerals Holding Ltd.	240,273	191,412
Total	**443,903**	**345,341**

	December 31, 2018	December 31, 2017
Trade and other receivables, gross		
Sierra Minerals Holding Ltd. (advances and receivables)	249,636	251,101
Sierra Minerals Holding Ltd. (loan) **	1,059	3,035
Global Aluminium Ltd *	-	28,518
Conef Gaz S.R.L.	-	82
Centrul Rivergate	4	4
Vimetco Power	3,153	3,153
Alro S.A.	366	299
Vimetco Extrusion	-	-
Total	**254,218**	**286,191**

*) In June 2011 the Company entered into a receivables assignment agreement with Global Aluminium Ltd. BVI, having its headquartes in Trinity Chambers, PO Box 4301, Road Town Tortola, British Virgin Islands, for the amount of USD 10,383,669. In 2017, the long-term portion of this borrowing in amount of RON 16,163 thousand was classified as other non-current asset in the separate financial statements.The balance as of December 31, 2017 in amount of USD 7,100,740 has been received in May 2018.

The interest according to the contract was Libor 12M + 4.5% per year. The interest balance as of December 31, 2017 in amount of USD 227,587 and the interest for 2018 in amount of USD 178,420 have been also received in May 2018.

**) In September 2017, the Company concluded a loan agrement with Sierra Mineral Holdings I Limited, with the head office in Sea Meadow House, Blackburne Highway, Road Town Tortola, British Virgin Islands, for the amount of USD 1,400,000 for putting in operation the dryer facility. The interest according to the contract is Libor 3M + 5% per year. The loan will be repaid in 3 years, in 8 equal quarterly installments starting with July 2017, having a grace period of 1 year. The balance as of December 31st 2018 is in amount of USD 260 thousand (2017: USD 780 thousand), the equivalent of RON 1,059 thousand (2017: RON 3,035 thousand).

According to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2018 there is a potential loss from receivables from SMHL for which the Company recorded a provision in amount of USD 15,729 thousand (RON 64,073 thousand) (2017: USD 13,177 thousand (RON 51,278 thousand)).
The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

27. RELATED PARTY TRANSACTIONS (continued)

	December 31, 2018	December 31, 2017
Trade and other payables		
Alro S.A.	89,190	195,904
Conef Gaz S.R.L.	479	-
Centrul Rivergate	306	-
Rivergate Fire	287	-
Vimetco Management Romania S.R.L.	-	-
Total	**90,263**	**195,904**

The remuneration of directors and other members of key management personnel during the year was in amount of RON 2,047 thousand (2017: 2,435 RON thousand).

In 2018 the Company received dividends from Global Aluminium Ltd in amount of RON 14,541 thousand (2017: nil).

	Year ended December 31, 2018	Year ended December 31, 2017
Other non-current assets		
Sierra Minerals Holding Ltd.	-	1,012
Global Aluminium Ltd	-	16,163
Total Other non-current assets	**-**	**17,175**
Short-term loans receivable, IC		
Sierra Minerals Holding Ltd.	1,059	2,024
Global Aluminium Ltd	-	12,355
Total Short-term loans receivable, IC	**1,059**	**14,378**
Loans receivable, IC		
Sierra Minerals Holding Ltd.	1,059	3,035
Global Aluminium Ltd	-	28,518
Total loans receivable, IC	**1,059**	**31,553**

28. EARNINGS PER SHARE

	Year ended December 31, 2018	Year ended December 31, 2017
Net profit/(loss) attributable to shareholders	52,326	14,020
Weighted average number of ordinary shares (‘000)	82,086	82,086
Basic and diluted (losses)/earnings per share (RON/share)	0.64	0.17
Dividends per share in current year (RON/share)	-	-

29. SEGMENT INFORMATION

The Company only has one operating segment, the production and sale of alumina. All its operating assets are located in Romania.

The following table shows the distribution of the Company's sales by geographical market.

	Year ended December 31, 2018	Year ended December 31, 2017
Romania	612,024	532,504
European Union	107,425	31,921
Non-EU European Countries	113,586	57,910
Other countries	42,783	13,111
Total	**875,818**	**635,446**

30. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivatives to cover the above mentioned risks.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated and separate statement of financial position) less "cash and cash equivalents". Total capital is calculated as "total equity" as shown in the separate statement of financial position sheet plus net debt.

	2018	2017
Total borrowings (Note 14)	60.545	762
Less: cash and cash equivalents (Note 11)	844	1.735
Net debt	**61.389**	**2.497**
Total shareholders' equity	**307.473**	**255.405**
Total capital	**368.862**	**257.902**
Gearing ratio	17%	1%

As it appears from the table above, the gearing ratio has increased from 1% to 17% at Company level as a consequence of the increase the loans obtained in 2018, on the one hand, and due to the reduction of the the cash and cash equivalents, on the other hand.

30. FINANCIAL RISK MANAGEMENT (continued)

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Company is exposed to foreign exchange risk because the predominant part of its sales of alumina is denominated in or linked to the USD while the significant part of its operating costs (such as power costs, wages, etc.) are denominated in or linked to the RON. The currency exposure is related to the fact that most of the company's receivables are linked to USD or EUR while the liabilities are denominated in RON and USD. The Company is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The Company's foreign currency exposure results from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary items (mainly trade receivables, trade payables and borrowings) denominated in foreign currencies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2018		December 31, 2017	
	Euro denominated	US Dollars denominated	Euro denominated	US Dollars denominated
	' 000 RON	'000 RON	' 000 RON	'000 RON
Total current assets	8,572	50,158	14,999	73,984
Total non-current assets	-	-	-	17,175
Total assets	**8,572**	**50,158**	**14,999**	**91,159**
Total short-term liabilities	7,631	4,683	8,710	2,455
Total long-term liabilities	99	59,953	292	-
Total liabilities	**7,730**	**64,636**	**9,002**	**2,455**

Foreign currency sensitivity

The Company is mainly exposed to the Euros and the US Dollars. The following table details the Company's sensitivity to a 10% increase and decrease in the Romanian Lei against the relevant foreign currencies. 10% is the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the functional currency strengthens against the relevant foreign currency.

	December 31, 2018		December 31, 2017	
	Euro	US Dollars	Euro	US Dollars
	'000 RON	'000 RON	'000 RON	'000 RON
Profit or loss	(84)	1,448	(600)	(8,870)
Equity	(71)	1,216	(504)	(7,451)

30. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk management

The Entity's interest rate risk arises from loans and borrowings. Loans issued and borrowings taken at floating rates expose the entity to cash flow interest rate risk. The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings and on ROBOR for RON denominated borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates on US Dollars denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings and on ROBOR for RON denominated borrowings.

If interest rates would be higher/lower by 1% and all other variables would be constant, the Entity's profit would increase/decrease by RON 600 thousand (2017: nil). This is mainly attributable to the Entity's exposure to interest rates on its variable interest rate USD and RON denominated borrowings, excluding the impact on income tax.

The exposure of the company to the variation of interest rates for the financial assets and liabilities is detailed under the section "Management of the liquidity risk".

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The receivables are mainly related to Alro SA (over 90 %). The company is dependent operationally and financially on Alro SA, which is also the parent company.
The credit risk resulting from the transactions with the banks and financial institutions is managed by the Treasury Department. Investing of the available cash is done only with approved banks within specified limits. The limits are set to reduce the concentration risk and to reduce the possible financial losses caused by non-fulfilment of the contractual obligations.

Maximum exposure to credit risk equals to the receivable amount presented in the balance sheet.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to close out market positions. Management monitors rolling forecasts of the company's liquidity reserve and cash and cash equivalents on a regular basis.

In the following tables are presented the financial liabilities of the company based on contractual maturities. The amounts represent undiscounted cash flows based on the earliest period required for the company to make the payments.

30. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Year ended 31 December 2018

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	4,710	67,547	-	-	72,257
Accounts payable and accrued liabilities	3,748	48,164	-	-	-	51,912
Total	**3,748**	**52,874**	**67,547**	**-**	**-**	**124,169**

Year ended 31 December 2017

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	485	298	-	-	783
Accounts payable and accrued liabilities	813	54,249	-	-	-	55,062
Total	**813**	**54,734**	**298**	**-**	**-**	**55,845**

Fair value of financial assets and liabilities

The management considers that the accounting values of assets and liabilities recognized at amortized cost in the financial statements approximates the fair values.

The fair value of the assets and liabilities is determined as follows:

- the fair value of the assets and liabilities with standard terms and conditions for trading on the active and liquid markets is determined by reference to the quoting prices on the market
- the fair value of other financial assets and liabilities is determined based on models generally accepted based on the future cash flows models using prices of an observable transaction.
- the fair value of the derivatives is calculated based on quotations on the market.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Entity has estimated that the fair value of the borrowings and finance lease equals their carrying amount, due to the short nature of the borrowing for the short-term borrowings and for the long-term borrowings based on the fact that the borrowings bear interest at floating interest rates.

30. FINANCIAL RISK MANAGEMENT (continued)

Financial assets and liabilities

	December 31, 2018	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	11,135	-	-	11,135
Other current assets	4,533	-	-	4,533
Cash and cash equivalents	844	844	-	-
TOTAL FINANCIAL ASSETS	**16,512**	**844**	**-**	**15,668**
Financial liabilities				
Borrowings, long term	59,953	-	-	59,953
Trade and other payables	51,912	-	-	51,912
Borrowings, short term	300	-	-	300
TOTAL FINANCIAL LIABILITIES	**112,165**	**-**	**-**	**112,165**

	December 31, 2017	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	20,984	-	-	20,984
Other current assets	16,422	-	-	16,422
Cash and cash equivalents	8,254	8,254	-	-
TOTAL FINANCIAL ASSETS	**45,660**	**8,254**	**-**	**37,406**
Financial liabilities				
Borrowings, long term	-	-	-	-
Trade and other payables	55,062	-	-	55,062
Borrowings, short term	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**55,062**	**-**	**-**	**55,062**

31. COMMITMENTS AND CONTINGENCIES

Commitments

ALUM S.A. has investment commitments for the year 2019 in amount of USD 3,424 thousand (2018: USD 2,796 thousand).

The Company has various contracts concluded as of December 31, 2018 for the acquisition in 2019 of raw materials, electricity and other materials and consumables in the amount of EUR 26,384 thousand, USD 151,245 thousand and RON 18,786 thousand, respectively (December 31, 2017: EUR 11,903 thousand, USD 148,497 thousand and RON 14,544 thousand, respectively).

On 31 December 2018 the Company has the following commitments for the project co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020:

- letters of credit with cash collateral transfers in amount of EUR 364 thousand (RON 1,698 thousand).
- the number of staff in the R & D department needs to grow by 16 people by March 8th, 2019.

Result indicators, i.e. turnover and market share, are reported annually after the project activities have been completed, only to inform the Managing Authority, but their achievement / failure is verified with the appropriate consequences only at the end of the sustainability period in 2023.

More details are presented in Note 17.

31. COMMITMENTS AND CONTINGENCIES

Commitments (continued)

In 2016 the Company entered into a operating lease contract for vehicles, with lease terms of up to 5 years. The operating lease expense amounted in 2018 to RON 174 thousand (in 2017: RON 95 thousand).

The future amounts of minimum lease payments under non-cancellable operating leases as at December 31, 2018 are as follows:

	December 31, 2018	December 31, 2017
Within 1 year	210	153
1 to 5 years	415	326
Total	**625**	**479**

Contingencies

Legal cases

As at December 31, 2018, the Entity is subject to a number of lawsuits resulted from the normal course of business. Management believes that these actions will not have a negative impact on the financial performance and financial position of the Company.

Taxation

The taxation systems in Romania is undergoing continuous developments. Thus, it is subject to various interpretations and constant changes which may sometimes be retroactive. In some circumstances, the fiscal authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.
In Romania, the fiscal year remains open for tax audit for a period of 5 years. The management considers that the tax liabilities included in these financial statements are adequate.

In accordance with the requirements issued by the Ministry of Public Finance in Romania, which relate to the fiscal treatment of the items of equity that have not been subject to the calculation of the income tax as at the date of their recording in the accounts due to their nature, should the Group change the destination of the statutory reserves in the future (to cover losses or to make distributions to the shareholders), this will lead to additional income tax liabilities.

32. AUDITOR'S FEE

In 2018 and 2017, the Company incurred the following expenses for statutory audit and for services of assurance, fiscal consultancy and other non-audit services:

	December 31, 2018	December 31, 2017
Statutory audit annual	187	205
Non-audit services	16	17
Total	**203**	**222**

33. SUBSEQUENT EVENTS

In January 2019, Alum withdrawn the remaining amount of USD 10 million from the loans contracted in May 2018 with Black Sea Trade and Development Bank and Garanti Bank Romania.

ALUM S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

(Together with Independent Auditor's Report)

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii ALUM SA
To the Shareholders of ALUM SA

Raport asupra auditului situatiilor financiare consolidate
Report on the Audit of the Financial Consolidated Statements

Opinia
Opinion

Am auditat situatiile financiare consolidate ale societatii ALUM si ale filialelor sale („Grupul") cu sediul social al societatii mama, in Tulcea, str Isaccei, nr 82, identificata prin codul unic de inregistrare fiscala 2360405, care cuprind situatia consolidata apozitiei financiare la data de 31 decembrie 2018, contul de profit si pierdere consolidat, situatia consolidata a modificarilor capitalului propriu si situatia consolidata a fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative („situatiile financiare").
We have audited the consolidated financial statements of ALUM SA and its subsidiary (the Group) with official head office in Tulcea, Isaccei Str. no. 82, identified by sole fiscal registration number 2360405, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (the "financial statements").

In opinia noastra, situatiile financiare consolidate anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2018, ca si a performantei financiare consolidate si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Standardele Internationale de Raportare Financiara adoptate de Uniunea Europeana.
In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Union.

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Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA), Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului din 16 aprilie 2014 („Regulamentul (UE) nr. 537/2014") si Legii nr.162 /2017 („Legea 162/2017"). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru. Suntem independenti fata de Societate conform Codului etic al profesionistilor contabili emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA),conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare consolidate in Romania, inclusiv Regulamentul (UE) nr. 537/2014 si Legea 162/2017, si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.
We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017").Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare consolidate din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare consolidate in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

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Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare consolidate. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare consolidate anexate.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Aspecte cheie de audit	Modul in care auditul a adresat aspectele cheie
Testarea deprecierii fondului comercial Prezentarile Grupului Alum cu privire la fondul comercial, si a deprecierii aferente, sunt incluse in Nota 6	
Alum Grup trebuie sa realizeze cel putin anual, si de cate ori exista indicatori de depreciere, testarea pentru depreciere a fondului comercial (in valoare de 75 milioane lei). Testarea pentru depreciere se realizeaza la nivelul unei singure unitati generatoare de numerar (UGN) - la nivelul Global Aluminium Ltd (in Sierra Leone). Evaluarea indicatorilor de depreciere pentru unitatea generatoare de numerar ia in considerare surse diverse de informatie, incluzand factori specifici mediului economic. Industria producatoare de aluminiu a suferit o perioada de declin ciclic in ultimii ani, respectiv perioada 2013 – 2016, ceea ce a condus la inchiderea de capacitati de productie si amanarea de catre multi jucatori a investiilor in aceasta industrie. In consecinta, in perioadele precedente Conducerea societatii a recunoscut o depreciere a fondului comercial in valoare de 26.256 mii RON.	Procedurile noastre de audit au inclus, printre altele: - am implicat specialistii nostri in evaluare pentru ne asista in evaluarea ipotezelor cheie si a metodologiilor utilizate de catre Grup in cadrul testului de depreciere a fondului comercial (ex: verificarea corectitudinii matematice al modelului precum si conformitatea cu cerintele Standardelor Internationale de Raportare Financiara, rata de actualizare folosita pentru actualizarea fluxurilor viitoare de numerar ale fiecarei unitati generatoare de numerar, ipotezele macroeconomice) - am analizat competentele, capabilitatile si obiectivitatea evaluatorului extern - am analizat principalele ipoteze luate in calcul la estimarea fluxurilor viitoare de numerar (cum ar fi evolutia viitoare a preturilor de vanzare, volumul productiei, costuri si cheltuieli, modificari ale capitalului circulant, etc.) prin analiza consecventei ipotezelor cu evolutia mediului economic specific, cu informatiile disponibile despre piata si cu planul de afaceri al Grupului.

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Testul anual de depreciere a fondului comercial este semnificativ pentru auditul nostru intrucat necesita judecati si estimari semnificative ale managementului care se bazeaza pe ipoteze legate de evolutia viitoare a conditiilor de piata din Romania si Sierra Leone.	- am verificat dacă anumite ipoteze au luat în considerare sau nu riscurile asociate fluxurilor de trezorerie, au inclus variabilitatea potențială a valorii și perioadei de realizare a fluxurilor de trezorerie și efectul aferent asupra ratei de actualizare; - am evaluat analiza de senzitivitate a valorii recuperabile a unitatii generatoare de numerar, pentru a cuantifica impactul potential al modificarilor rezonabile in ipotezele semnificative ale modelului; - am evaluat acuratetea bugetelor si estimarilor precedente ale managementului prin comparatie cu performanta actuala inregistrata in anul curent fata de cea prongozata anterior; - am testat acuratetea matematica a modelului utilizat; De asemenea, am evaluat masura in care informatiile prezentate de Grup cu privire la testul de depreciere a fondului de comert sunt adecvate.
Recunoasterea impozitului pe profit amanat Prezentarile Grupului Alum cu privire la impozitul pe profit amanat sunt incluse in Nota 7.	
Creanta privind impozitul pe profit amanat are o importanta semnificativa pentru auditul nostru avand in vedere importanta pozitiei bilantiere la 31 decembrie 2018 (de 44,38 milioane RON in situatia consolidata a pozitiei financiare) si faptul ca, pentru evaluarea recuperabilitatii soldului, sunt necesare rationamente ale conducerii, in special raportat la veniturile impozabile previzionate, preconizandu-se ca unele dintre acestea vor fi generate in anii viitori.	Procedurile noastre de audit s-au axat pe evaluarea ipotezelor-cheie ale conducerii cu privire la recuperabilitatea creantei privind impozitul pe profit amanat, cum ar fi previziuni care stau la baza recunoasterii activului, inclusiv rezumate ale datelor de expirare a pierderilor fiscale. Am evaluat conformitatea cu planurile de afaceri pe termen lung aplicate de conducere pentru gestionarea si monitorizarea performantei activitatii. Specialistii nostri interni in aspecte fiscale au fost implicati, daca a fost cazul, in procedurile noastre de audit in domeniul impozitarii curente si orice evaluari relevante au fost luate in considerare la stabilirea impactului in cadrul evaluarii noastre cu privire la proiectiile privind profitul impozabil.

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In plus, avand in vedere rezultatele financiare inregistrate in cursul exercitiului financiar, precum si proiectiile pentru perioada urmatoare, Grupul a recunoscut in cursul exercitiului o creanta suplimentara priving impozitul amanat de 43 milioane RON aferenta pierderilor fiscale inregistrate de filiala ei, Sierra Mineral Holdings Ltd.	De asemenea, am evaluat caracterul adecvat al informatiilor prezentate de grup cu privire la creanta privind impozitul pe profit amanat.

Key audit matter	*How our audit addressed the key audit matter*
Impairment testing of goodwill *Alum Group's disclosures regarding goodwill, including the related impairment, are included in Note 6*	
Alum Group is required to test at least annually and also when impairment indicators exist, the goodwill (with a carrying value of RON 75 million as at 31 december 2018) for impairment. The goodwill impairment testing is performed at the level of one cash-generating unit (CGU), Global Alumininium Ltd (with operations in Sierra Leone). *The management assessment of impairment indicators for the CGU involves consideration of various sources of information, including the economic environment factors.* *The aluminium industry has suffered a cyclical downturn in the period 2013 – 2016 resulting in capacity shutdowns and deferred investments by many players in the industry. As a consequence, in prior years the management has recognized an impairment adjustment of RON 26.25million of the goodwill.*	*Our audit procedures included, among others:* · *we involved of our internal valuation specialists to assist us in evaluating the key assumptions and methodologies used by Alum Group for the impairment testing of goodwill (e.g. checked the mathematical accuracy of model and its conformity with the requirements of the International Financial Reporting Standards, discount rates used for discounting future cash flows for each CGU, macroeconomic assumptions)* · *we assessed the competence, capabilities and objectivity of the external valuation expert* · *we evaluated the key assumptions applied in the estimates of future cash flows for the respective CGU (such as expected sales prices, production/sales volumes, cost and expenses, working capital changes, etc.), assumptions which we analyzed for consistency with the general and industry-specific economic environment, relevant available market information and the business plans of the Group;*

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The annual impairment test of goodwill is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future market conditions in Romania and Sierra Leone.	· *we assessed whether or not certain assumptions considered the risks associated with the cash flows, including the potential variability in the amount and timing of cash flows and the related effect on the discount rate.* · *we evaluated the sensitivity analysis of the CGUs' recoverable amounts, to understand the potential impact to reasonable changes in the signifficant assumption;* · *we assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year;* *We further assessed the adequacy of Alum Group's disclosures about impairment testing of goodwill.*
Recognition of deferred tax asset *Alum Group's disclosures about deferred tax asset are included in Note7*	
Deferred tax asset is significant to our audit because of the magnitude of the balance sheet position as at 31 December 2018 (carrying vale of RON 44.38 million) and the fact that management judgement is required to assess the recoverability of the balance, in particular by reference to forecast taxable income, some of which is expected to arise a number of years in the future. *In addition, considering the results recorded during the current period and the forecast for future periods, the Group recognized an additional deferred tax asset of RON 43 milion in respect of fiscal losses recorded by its subsidiary Sierra Mineral Holdings I, Ltd.*	*Our audit procedures focused on assessing the key management assumptions for the deferred tax asset recoverability such as forecasts which underpin the asset recognition, including summaries of tax losses expiry dates. We evaluated consistency with long term business plans used by management to manage and monitor the performance of the business.* *Internal tax specialists were involved, as appropriate, to assist us in the audit procedures performed on the current taxation area and any relevant evaluations were considered for impact in our assessment of the taxable profit projections.* *We also assessed the adequacy of the Group's disclosures regarding deferred tax assets.*

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Alte informatii
Other information

Alte informatii includ Raportul administratorilor, dar nu includ situatiile financiare consolidate si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Administrators' Report but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare consolidate nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare consolidate, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare consolidate sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare consolidate
Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare consolidate in conformitate cu Standardele Internationale de Raportare Financiara adoptate de Uniunea Europeana, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare consolidate care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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La intocmirea situatiilor financiare consolidate, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare consolidate
Auditor's Responsibilities for the Audit of the Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare consolidate, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare consolidate.
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare consolidate, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare consolidate sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

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- Evaluam prezentarea, structura si continutul general al situatiilor financiare consolidate, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare consolidate reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

- Obtinem suficiente probe de audit adecvate cu privire la informatiile financiare ale entitatilor sau activitatilor din cadrul Grupului pentru a exprima o opinie asupra situatiilor financiare consolidate. Suntem responsabili pentru indrumarea, supravegherea si efectuarea auditului la nivelul grupului. Suntem singurii responsabili pentru opinia noastra de audit.
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, masurile de siguranta aferente.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare consolidate din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

Alte cerinte privind cuprinsul raportului de audit conform Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului
Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Numirea si aprobarea auditorului
Appointment and Approval of Auditor

Am fost numiti auditori ai Societatii de catre Adunarea Generala a Actionarilor la data de 24 aprilie 2018 pentru a audita situatiile financiare consolidate ale exercitiului financiar incheiat la 31 decembrie 2018. Durata totala de misiune continua, inclusiv reinnoirile (prelungirea perioadei pentru care am fost numiti initial) si renumirile anterioare drept auditori a fost de 6 ani *(sase)*, acoperind exercitiile financiare incheiate la 31 decembrie 2013 pana la 31 decembrie 2018.
We were appointed as auditors of the Company by the General Meeting of Shareholders on 24 April 2018 to audit the consolidated financial statements for the financial year end December 31, 2018. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 6 years (*six), covering the financial periods end 31 December 2013 till December 31, 2018.*

Servicii non-audit
Provision of Non-audit Services

Nu am furnizat Societatii servicii non-audit interzise mentionate la articolul 5 alineatul (1) din Regulamentul (UE) nr. 537/2014 al Parlamentului European si al Consiliului si ramanem independenti fata de Societate pe durata auditului.
Pe langa serviciile de audit statutar, am furnizat Societatii si entitatilor controlate de aceasta servicii de proceduri convenite in legatura cu revizuirea documentației de monitorizare a respectării condițiilor relevante ale schemei de ajutor de stat referitoare la cota redusă a certificatelor verzi conform HG 495/2014.
No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

In addition to statutory audit services, we provided to the Company and its controlled undertakings agreed upon procedures related to the review of documentation for monitoring of the compliance with the relevant conditions of the state aid scheme related to green certificates reduced quota, under HG 495/2014.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. 77
Registered in the electronic Public Register under No. 77

Nume Auditor / Partener: Alexandru Lupea
Name of the Auditor/ Partner: Alexandru Lupea
Inregistrat in Registrul Public electronic cu nr. 273
Registered in the electronic Public Register under No. 273

Bucuresti, Romania
Bucharest, Romania
21 martie 2019
21 March 2019

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

	Note	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	258,557	208,548
Intangible assets	**5**	471	691
Goodwill	**6**	75,003	71,650
Loans receivable, long term	**27**	0	54,345
Deferred tax	**7**	44,382	54,671
Total non-current assets		**378,413**	**389,905**
Current assets			
Inventories	**8**	173,321	135,208
Trade receivable	**9**	11,210	14,130
Other receivables	**10**	7,701	6,657
Current income tax	**7**	-	-
Restricted cash	**11**	3,246	6,519
Cash and cash equivalents	**11**	2,078	3,928
Total current assets		**197,556**	**166,442**
Total assets		**575,969**	**556,348**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**12**	488,413	488,413
Reserves	**13**	46,959	47,782
Accumulated deficit		(237,226)	(302,797)
Equity attributable to owners of the Entity		**298,146**	**233,398**
Total equity		**298,146**	**233,398**
Non-current liabilities			
Borrowings	**14**	59,953	10,632
Finance lease liabilities, non-current	**14**	99	292
Retirement benefit liabilities	**15**	6,746	5,496
Provisions	**16**	31,567	29,530
Government grants, non-current portion	**17**	4,520	1,769
Other non-current liabilities		1,405	449
Total non-current liabilities		**104,290**	**48,168**

	Note	December 31, 2018	December 31, 2017
Current liabilities			
Trade and other payables	**18**	77,430	83,760
Borrowings	**14**	300	1,018
Finance lease liabilities, current	**14**	193	470
Current income tax liability		4,921	5,636
Provisions	**16**	3,009	-
Government grants, current portion	**17**	323	-
Other current liabilities	**19**	87,357	183,897
Total current liabilities		**173,533**	**274,782**
Total liabilities		**277,823**	**322,950**
Total equity and liabilities		**575,969**	**556,348**

These consolidated financial statements were authorized for issue by management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Revenues from contracts with customers	**20**	927,867	709,851
Cost of sale	**21**	(758,902)	(588,028)
Gross profit		**168,965**	**121,823**
Other operating income	**22**	3,460	4,926
Impairment of property, plant and equipment	**4**	6	3
General and administrative expenses	**23**	(79,101)	(65,263)
Other operating expenses		(3,507)	(1,561)
Total operating expenses		(82,602)	(66,821)
Other gains and losses	**24**	(2,746)	(8,768)
Operating result		**87,077**	**51,160**
Financial income	**25**	2,325	4,157
Financial expenses	**25**	(6,191)	(5,376)
Finance cost, net	**25**	(3,866)	(1,219)
Profit/(loss) before income taxes		**83,211**	**49,941**
Income tax	**7**	(27,840)	37,262
Profit/(loss) for the year		**55,371**	**87,203**
Profit/(loss) attributable to:			
Shareholders of the Company		55,371	87,203
Non-controlling interest		-	-
Weighted average number of ordinary shares for the purpose of basics earnings per share (thousand)		82,086	82,086
Basic and diluted earnings/(losses) per share	**26**	**0.67**	**1.06**
Other comprehensive (loss)/income, net of tax			
Exchange differences on translating foreign operations**		10,258	(8,376)
Remeasurement gains/(losses) on defined benefit plans*		(930)	(757)
Income tax effect*		49	82
Other comprehensive income net of tax		**9,377**	**(9,051)**
Total comprehensive income/(loss) for the year		**64,748**	**78,152**

***)** items that will not be reclassified into Statement of Comprehensive Income in the future
****)** items that will be reclassified into Statement of Comprehensive Income in the future

These consolidated financial statements were authorized for issue by management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
All amounts are in RON thousand, unless otherwise stated

	Attributable to equity holders of the entity					
	Share capital	**Reserves**	**Foreign currency translation reserve**	**Accumulated deficit**	**Attributable to the owners of the entity**	**Total Equity**
Balance at January 1, 2017	**488,413**	**51,897**	**(24,666)**	**(360,399)**	**155,246**	**155,246**
Loss for the year	-	-	-	87,203	87,203	87,203
Remeasurement of post-employment benefits	-	-	-	(757)	(757)	(757)
Deffered tax on benefits	-	-	-	82	82	82
Other comprehensive income	-	-	(8,315)	(61)	(8,376)	(8,376)
Total Comprehensive income	**-**	**-**	**(8,315)**	**86,467**	**78,152**	**78,152**
Transfer to legal reserve	-	671	-	(671)	-	-
Transfer of realized revaluation reserve	-	(4,787)	-	4,787	-	-
Balance at December 31, 2017	**488,413**	**47,782**	**(32,981)**	**(269,816)**	**233,398**	**233,398**
Balance at January 1, 2018	**488,413**	**47,782**	**(32,981)**	**(269,816)**	**233,398**	**233,398**
Profit for the year	-	-	-	55,371	55,371	55,371
Remeasurement of post-employment benefits	-	-	-	(930)	(930)	(930)
Deffered tax on benefits remeasurement	-	-	-	49	49	49
Other comprehensive income	-	-	10,258	-	-	10,258
Total Comprehensive loss	**-**	**-**	**10,258**	**54,490**	**64,748**	**64,748**
Transfer to legal reserve	-	3,305	-	3,305	-	-
Transfer to realized revaluation reserve	-	(4,128)	-	(4,128)	-	-
Balance at December 31, 2018	**488,413**	**46,959**	**(22,723)**	**(214,503)**	**298,146**	**298,146**

These consolidated financial statements were authorized for issue by management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

The accompanying notes are an integral part of these consolidated financial statements.

ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(All amounts are in RON thousand, unless otherwise stated)

	Note	Year ended December 31, 2017	Year ended December 31, 2015
Cash flows from operating activities			
Profit before tax		**83,210**	**49,942**
Adjustments for:			
Depreciation and amortization of non-current assets		36,337	39,307
Impairment of property, plant and equipment	**4**	(6)	(3)
Net gain on sale of property, plant and equipment		(176)	1,352
Allowances for doubtful debts	**9**	767	(405)
Allowances for slow moving and obsolete inventory	**8**	(23)	14
Provisions	**16**	116	-
Change in retirement benefit obligation	**15**	3,009	69
Foreign exchange differences		2,134	12,848
Interest income	**25**	(2,228)	(4,148)
Interest expense	**25**	4,702	4,516
		127,843	103,491
Movements in working capital:			
(Increase) in trade receivables and other assets		(2,516)	(5,407)
Decrease/(increase) in inventories		(37,623)	(13,182)
Increase in trade payables and other liabilities		(96,845)	17,806
Cash generated from operations		**(9,141)**	**102,708**
Income tax paid		(16,579)	(1,464)
Interest paid		(6,825)	(2,518)
Net cash generated by operating activities		**(32,545)**	**98,726**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles assets		(81,527)	(64,475)
Government grants received	**17**	3,244	1,598
Collection of oustanding loans	**27**	55,068	(3,444)
Restricted cash	**11**	3,273	(6,075)
Interest received		2,228	-
Net cash from/(used) in investing activities		**(17,714)**	**(72,396)**
Cash flow from financing activities			
Proceeds from borrowing		60,426	-
Repayment of borrowings		(12,017)	(23,433)
Net cash used in financing activities		**48,409**	**(23,433)**
Net (decrease)/increase in cash and cash equivalents		**(1,850)**	**2,897**
Cash and cash equivalents at beginning of the year	**11**	**3,928**	**1,031**
Cash and cash equivalents at end of the year	**11**	**2,078**	**3,928**

These consolidated financial statements were authorized for issue by management on March 21, 2019.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

1 INFORMAȚII GENERALE

a) Societatea mamă

ALUM S.A. (sau "Societatea") este o societate pe acțiuni organizată conform legislației românești. Societatea a fost înființată în martie 1972, ALUM S.A. Tulcea fiind cel mai mare producător de alumină calcinată din România.

Acționarul majoritar al Alum S.A. este Alro S.A. deținută de Vimetco N.V. Netherlands deținută la rândul ei de ViHolding N.V. (Netherland Antilles), o companie controlată de MAXON LIMITED.

Activitatea principală este procesarea hidrometalurgică a bauxitei pentru a obține oxidul de aluminiu, materia primă pentru obținerea aluminiului.

Procesul de producție și produsele societății au fost certificate în conformitate cu standardele internaționale pentru asigurarea calității.

Sediul central al Societății mamă se află în Tulcea, str. Isaccei nr. 82, județul Tulcea, România.

Alum este listată la Bursa de Valori București, segmentul AeRO. Prețurile pe acțiune pot fi analizate după cum urmează:

	2018	**2017**
- preț minim	1,00	0,79
- preț maxim	2,98	1,675
- preț mediu	1,99	1,23

Evoluția numărului mediu de angajați ai Societății mamă a fost următoarea:

	2018	**2017**
Număr mediu de angajați	765	725

b) Filiale

La 1 mai 2011 Alum a achiziționat de la Vimetco N.V., entitate afiliată, 100% din societatea de investiții Global Aluminum Ltd. ale cărei active includeau 100% din acțiunile unei mine de bauxită din Sierra Leone, Sierra Minerals Holding I Ltd. și 100% din acțiunile Bauxite Marketing Ltd.

Cumpărată de Vimetco N.V. in 2008, mina de bauxită din Sierra Leone, cu o resursă de bază de aproximativ 31 milioane de tone de bauxită, a produs 1.938.461 tone în 2018 (2017: 1.787.716 tone). Mina de bauxită asigură necesarul de materii prime pentru rafinăria de alumină (Alum S.A.) în România.

Evoluția numărului mediu de angajați ai Filialei a fost următoarea:

	2018	**2017**
Număr mediu de angajați	550	468

Alum S.A. și filialele sale vor fi denumite în continuare "Grupul".

2 APLICAREA STANDARDELOR INTERNAȚIONALE NOI ȘI REVIZUITE DE RAPORTARE FINANCIARĂ

Mai jos sunt prezentate standardele noi, amendamentele si interpretarile standardelor existente adoptate incepand cu 1 ianuarie 2018 si efectul acestora in intocmirea situatiilor financiare ale Grupului pentru anul incheiat la 31 decembrie 2018.

Standarde si interpretari in vigoare in 2018, pe care Grupul le-a aplicat in aceste situatii financiare:

Grupul a adoptat urmatoarele standarde noi si amendamente la standarde, inclusiv amendamente ce afecteaza alte standarde, cu data aplicarii pentru prima data la 1 ianuarie 2018:

IFRS 9 Instrumente financiare

IFRS 9 Instrumente financiare inlocuieste IAS 39 Instrumente financiare: recunoastere si evaluare pentru perioade anuale incepand cu 1 ianuarie 2018, adunand laolalta toate cele trei aspecte ale contabilitatii pentru instrumentele financiare: clasificarea si evaluarea; deprecierea si contabilitatea de acoperire a riscurilor.

Grupul a luat in considerare exceptarea prevazuta la aliniatul 7.2.15 al IFRS 9 pentru retratarile aferente perioadelor anterioare in ceea ce priveste cerintele de clasificare si evaluare (inclusiv deprecierea) stipulate de IFRS 9. In consecinta, perioadele comparative nu au fost retratate. De asemenea, in urma analizei efectuate de Grup, nu a rezultat un impact din adoptarea IFRS 9 de natura sa necesite retratarea rezultatului reportat, astfel ca nu s-a inregistrat un efect din retratare in rezultatul reportat.

(a) Clasificare si evaluare

Initial Grupul evalueaza un activ financiar la valoarea sa justa plus costurile de tranzactionare, in cazul unui activ financiar care nu este evaluat la valoarea justa prin profit sau pierdere.

Conform IFRS 9, instrumentele financiare atasate unei datorii sunt ulterior evaluate la valoarea justa prin profit sau pierdere (FVPL), costul amortizat, sau la valoarea justa prin rezultatul global (FVOCI). Clasificarea se bazeaza pe doua criterii: modelul de business al Grupului pentru gestionarea activelor; si daca fluxurile de trezorerie contractuale ale instrumentelor reprezinta "doar plati de principal si dobanda" la valoarea principalului neplatita ("criteriul SPPI").

Noua clasificare si evaluare a activelor financiare atasate unei datorii se efectueaza dupa cum urmeaza:

- *Instrumente de datorie la costul amortizat* pentru activele financiare care sunt pastrate in cadrul unui model de business cu obiectivul de a pastra activele financiare pentru a colecta fluxurile de trezorerie contractuale ce indeplinesc criteriul SPPI. Aceasta categorie include Creantele comerciale si alte creante, precum si Imprumuturile acordate pe termen lung.

- *Activele financiare la valoarea justa prin profit sau pierdere* cuprind instrumente derivate.

Evaluarea modelelor de business ale Grupului s-a efectuat de la data aplicarii initiale, 1 ianuarie 2018, iar managementul a stabilit ca nu este necesara reclasificarea pentru aceste instrumente.

Contabilitatea pentru datoriile financiare ale Grupului ramane in mare parte aceeasi ca si cea de sub prevederile IAS 39.

(b) Depreciere

Adoptarea IFRS 9 a schimbat contabilitatea Grupului in ceea ce priveste pierderile din depreciere pentru activele financiare, inlocuind abordarea pierderilor suportate conform IAS 39 cu abordarea prospectiva a pierderilor preconizate din creditare (ECL).

IFRS 9 cere ca Grupul sa inregistreze un provizion pentru pierderile preconizate din creditare pentru toate imprumuturile si alte active financiare atasate datoriilor care nu sunt detinute la valoare justa prin profit sau pierdere.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde si interpretari in vigoare in 2018, pe care Grupul le-a aplicat in aceste situatii financiare (continuare)

Pentru creantele comerciale, pierderile preconizate se bazeaza pe diferenta dintre fluxurile de trezorerie contractuale datorate in conformitate cu contractul si toate fluxurile de trezorerie pe care Grupul se asteapta sa le primeasca. Pierderea este apoi actualizata cu o aproximare a ratei dobanzii efective initiale a activului.

Pentru Activele contractuale si Creantele comerciale si alte creante, Grupul a aplicat abordarea simplificata a standardului si a calculat pierderile preconizate din creditare in baza pierderilor de credit anticipate pe durata de viata. Grupul a stabilit o matrice a provizioanelor ce se bazeaza pe experienta pierderilor din creditare istorice ale Grupului, ajustate pentru factorii prospectivi specifici debitorilor si mediului economic.

Pentru alte active financiare (Imprumuturile pe termen lung de primit), pierderile preconizate din creditare se bazeaza pe pierderile la 12 luni sau pe toata durata de viata a instrumentului, in functie de evolutia riscului de credit de la data acordarii pana la data bilantului. Pierderile preconizate din creditare la 12 luni sunt partea din pierderile din creditare preconizate pe toata durata de viata ce rezulta din evenimente de neindeplinire pe un instrument financiar ce sunt posibile într-o perioada de 12 luni de la data raportarii. Cu toate acestea, cand exista o crestere semnificativa a riscului creditului de la recunoasterea initiala, provizionul se va baza pe pierderile din creditare preconizate pe toata durata de viata. In urma analizei efectuate de Grup, nu a rezultat un impact material.

IFRS 15 Venituri din contracte cu clientii

- *IFRS 15 Venituri din contracte cu clientii*, emis in mai 2014 si apoi modificat in aprilie 2016. IFRS 15 stabileste un model in cinci pasi pentru a inregistra veniturile rezultate din contractele cu clientii. In conformitate cu IFRS 15, veniturile sunt recunoscute in suma care reflecta contraprestatia la care o entitate se asteapta sa aiba dreptul in schimbul transferului de bunuri sau servicii catre un client.
Grupul a adoptat IFRS 15 utilizand metoda efectului cumulativ, care presupune ca efectul aplicarii initiale a standardului sa fie recunoscut la data aplicarii initiale (adica 1 ianuarie 2018). In urma analizei efectuate de Grup, nu a rezultat un impact material din adoptarea IFRS 15 de natura sa necesite retratarea rezultatului reportat, astfel ca nu s-a inregistrat un efect din retratare in rezultatul reportat.

Vanzari de bunuri

Pana la 31 decembrie 2017, venitul a fost evaluat la valoarea justa a contraprestatiei primite sau a creantei. Veniturile erau reduse cu retururi estimate de la clienti, rabaturi si alte reduceri similare.
In mod specific, veniturile din vanzarea de bunuri se recunosteau atunci cand bunurile au fost livrate si titlul de proprietate legala s-a transferat.

In conformitate cu IFRS 15, veniturile sunt recunoscute atunci cand un client obtine controlul asupra bunurilor. Grupul livreaza bunuri (in principal alumina calcinata, hidroxid de aluminiu, bauxita) in conditii contractuale bazate pe conditii de livrare acceptate la nivel international (INCOTERMS). Momentul in care clientul obtine controlul asupra bunurilor este considerat a fi in mod substantial acelasi pentru majoritatea contractelor Grupului conform IFRS 15, la fel ca si conform IAS 18.
Grupul a concluzionat ca venitul ar trebui recunoscut la un moment in timp, moment in care controlul activului este transferat clientului, anume in general la livrarea bunurilor.

La adoptarea IFRS 15, Grupul a avut in vedere urmatoarele:

Consideratii legate de actiunea in nume propriu si cea in calitate de intermediar

In conformitate cu IFRS 15, evaluarea se bazeaza pe criteriul daca Grupul controleaza bunurile specifice inainte de a le transfera clientului final, mai degraba decat daca are expunere la riscuri si recompense semnificative asociate vanzarii de bunuri.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde si interpretari in vigoare in 2018, pe care Grupul le-a aplicat in aceste situatii financiare (continuare)

Grupul a concluzionat ca actioneaza in nume propriu in toate relatiile contractuale de vanzari, deoarece este prestatorul principal in toate contractele de venituri, are dreptul de a stabili pretul si este expus riscurilor aferente stocurilor.

Recunoasterea veniturilor din obligatii de prestare distincte

Grupul a analizat contractele sale cu clientii pentru a-si determina toate obligatiile de prestare, si nu a identificat nici o noua obligatie de prestare care ar trebui contabilizata distinct in conformitate cu IFRS 15.

Prestarea de servicii

Grupul presteaza diverse servicii ocazional si ca activitati secundare. Venitul este evaluat la valoarea asteptata a contraprestatiei primite sau de primit. In conformitate cu IFRS 15, contravaloarea totala din contractele de servicii se aloca tuturor serviciilor pe baza preturilor lor de vanzare individuale. Preturile de vanzare individuale se stabilesc pe baza preturilor de lista la care Grupul presteaza serviciile respective in tranzactii separate. Pe baza evaluarii Grupului, valoarea asteptata si preturile de vanzare individuale ale serviciilor sunt in mare masura similare. Prin urmare, aplicarea IFRS 15 nu are ca rezultat diferente semnificative privind momentul recunoasterii veniturilor pentru aceste servicii.
Cerintele de recunoastere si evaluare din IFRS 15 sunt de asemenea aplicabile pentru recunoasterea si evaluarea oricaror castiguri sau pierderi rezultate din cedarea activelor nefinanciare (cum ar fi activele fixe si imobilizarile necorporale), atunci cand aceasta cedare nu este in cursul normal al afacerii. Cu toate acestea, la tranzitie, efectul acestor modificari nu este semnificativ pentru Grup.

Amendamente la IFRS 2: Clasificarea si evaluarea tranzactiilor cu plata pe baza de actiuni

Modificarile prevad cerintele de contabilizare a efectelor conditiilor necesare pentru a intra in drepturi si a efectelor conditiilor revocabile de intrare in drepturi asupra evaluarii platilor pe baza de actiuni decontate in numerar, a tranzactiilor cu plata pe baza de actiuni cu caracteristica de decontare neta a obligatiilor de impozitare la sursa, precum si pentru modificarile aduse termenilor si conditiilor aplicabile unei plati pe baza de actiuni care schimba clasificarea tranzactiei din tranzactie cu decontare in numerar in tranzactie cu decontare prin emiterea de instrumente de capitaluri proprii. Aceste amendamente nu au un impact asupra situatiilor financiare ale Societatii.

IFRS 4: Aplicarea IFRS 9 Instrumente financiare impreuna cu IFRS 4 Contracte de asigurare (modificari)

Modificarile se refera la preocuparile generate de implementarea noului Standard privind instrumentele financiare, IFRS 9, inainte de implementarea noului standard privind contractele de asigurare pe care Consiliul il dezvolta pentru a inlocui IFRS 4. Modificarile introduc doua optiuni pentru entitatile care emit contractele de asigurare: exceptare temporara de la aplicarea IFRS 9 si o abordare de tip suprapunere care ar permite entitatilor care emit contracte din sfera de aplicare a IFRS 4 sa reclasifice, din contul de profit si pierdere in cadrul altor elemente ale rezultatului global, unele din veniturile si cheltuielile generate de activele financiare desemnate. Aceste amendamente nu au un impact asupra situatiilor financiare ale Grupului.

Amendamente la IAS 40: Transferuri catre Investitii imobiliare

Amendamentele clarifica momentul cand o entitate ar trebui sa transfere imobilul, inclusiv cel aflat in constructie sau dezvoltare, in interiorul sau in afara investitiei imobiliare. Amendamentele prevad ca o modificare a utilizarii apare cand imobilul corespunde, sau inceteaza sa corespunda, definitiei de investitie imobiliara si cand exista dovezi ale schimbarii utilizarii. O simpla schimbare a intentiilor conducerii de utilizare a unui imobil nu ofera dovezi privind modificarea utilizarii. Aceste amendamente nu au niciun impact asupra situatiilor financiare consolidate ale Grupului.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde si interpretari in vigoare in 2018, pe care Grupul le-a aplicat in aceste situatii financiare (continuare)

Interpretarea IFRIC 22 Tranzactiile in valuta si Sume in Avans

Interpretarea clarifica faptul ca, pentru determinarea cursului spot de schimb care sa se utilizeze la recunoasterea initiala a activului, cheltuielii sau venitului aferent (sau parte a acestuia) la derecunoasterea unui activ nemonetar sau pasiv nemonetar privind sumele in avans, data tranzactiei este data la care o entitate recunoaste initial activul sau pasivul nemonetar reprezentat de plata in avans. Daca exista mai multe plati sau incasari in avans, atunci entitatea trebuie sa stabileasca o data a tranzactiilor pentru fiecare plata sau incasare a sumei in avans. Practica Grupului a fost conforma cu Interpretarea si prin urmare ea nu are niciun efect asupra situatiilor financiare consolidate.

Imbunatatiri Anuale ale IFRS – Ciclul 2014 – 2016

Imbunatatirile nu au impact semnificativ asupra situatiilor financiare consolidate ale Grupului. Aceste imbunatatiri anuale sunt o colectie de amendamente la IFRS-urile:

- IFRS 1 Adoptarea pentru prima data a Standardelor Internationale de Raportare Financiara: Aceasta imbunatatire elimina exceptarile pe termen scurt cu privire la informatiile de furnizat cu privire la instrumentele financiare, beneficiile angajatilor si entitatile de investitii, aplicabile pentru entitatile care adopta pentru prima data Standardele Internationale de Raportare Financiara.

- IAS 28 Investitii in entitatile asociate si in asocierile in participatie: Modificarile clarifica faptul ca alegerea de a evalua la valoarea justa prin contul de profit si pierdere o investitie intr-o entitate asociata sau intr-o asociere in participatie care este detinuta de o entitate care reprezinta o asociere in participatiune sau de o alta entitate care se califica, este disponibila pentru fiecare investitie intr-o entitate asociata sau intr-o asociere in participatie pentru fiecare investitie in parte, la recunoasterea initiala.

Standarde emise, dar care nu sunt inca in vigoare si nu au fost adoptate de timpuriu

- Cadrul conceptual in standardele IFRS. IASB a emis Cadrul Conceptual revizuit pentru Raportare financiara la 29 martie 2018 (nu a fost inca adoptat de UE). Cadrul Conceptual stabileste un set cuprinzator de concepte pentru raportare financiara, stabilirea standardelor, indrumare pentru cei care intocmesc situatii financiare in elaborarea politicilor contabile consecvente si asistenta pentru utilizatori in intelegerea si interpretarea standardelor. De asemenea, IASB a emis un document anexat separat, Modificari ale Referintelor la Cadrul Conceptual in standardele IFRS, care stabileste modificarile standardelor afectate cu scopul sa actualizeze referintele Cadrului Conceptual revizuit. Obiectivul documentului este de a sprijini tranzitia la Cadrul Conceptual revizuit pentru entitatile care dezvolta politici contabile folosind Cadrul Conceptual cand niciun standard IFRS nu se aplica pentru o anumita tranzactie. Pentru cei care intocmesc situatii financiare si dezvolta politici contabile in baza Cadrului Conceptual, documentul intra in vigoare pentru perioade anuale incepand la sau dupa 1 ianuarie 2020.

- IFRS 16 Contractele de leasing, emis la 13 ianuarie 2016 produce efecte pentru perioade anuale incepand la sau dupa data de 1 ianuarie 2019 (se permite aplicarea anticipata, dar nu inainte ca entitatea sa aplice IFRS 15). IFRS 16 stabileste principiile pentru recunoasterea, evaluarea si prezentarea informatiilor privind contractele de leasing si impune ca utilizatorul de leasing sa contabilizeze toate leasing-urile intr-un singur model inclus in bilant, similar contabilitatii leasing-urilor financiare conform IAS 17. Standardul include doua scutiri de la recunoastere pentru utilizatorii de leasing – leasing-uri de active cu valoare mica si cele pe termen scurt. Un utilizator de leasing poate alege sa aplice standardul folosind fie abordarea retrospectiva completa, fie cea retrospectiva modificata. Contabilitatea locatorului conform IFRS 16 este substantial neschimbata de contabilitatea actuala conform IAS 17.

Grupul intentioneaza sa aplice IFRS 16 incepand cu 1 ianuarie 2019, folosind metoda retrospectiva modificata. Prin urmare, efectul cumulat al adoptarii IFRS 16 va fi recunoscut ca o ajustare asupra soldului initial rezultat reportat la 1 ianuarie 2019, fara a se face restatement a informatiilor comparative.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde emise, dar care nu sunt inca in vigoare si nu au fost adoptate de timpuriu (continuare)

Acestea vor aplica IFRS 16 pentru toate contractele existente inainte de 1 ianuarie 2019, clasificate ca leasing conform IAS 17 si IFRIC 4.

Grupul va alege sa aplice exceptarea propusa de standard pentru contractele de leasing cu o durata mai mica de 12 luni de la data aplicarii initiale si pentru contractele de leasing pentru active cu valoare mica. Grupul va recunoaste active si datorii noi pentru contracele de leasing operational pentru autovehicule, terenuri si echipamente (a se vedea Nota 31). Natura cheltuielilor aferente acestor contracte de leasing se va schimba acum datorita faptului ca Grupul va recunoaste o cheltuiala cu amortizarea dreptului de utilizare a activului si o cheltuiala cu dobanda aferenta datoriei de leasing.

Anterior, Grupul a recunoscut cheltuiala cu leasingul operational liniar pe toata durata contractului si au recunoscut un activ sau o datorie numai in cazul in care a existat o diferenta temporara intre platile de leasing si cheltuiala recunoscuta.

Bazandu-se pe informatiile disponibile la momentul actual, Grupul estimeaza ca va recunoaste la 1 ianuarie 2019 datorii suplimentare cu leasingul si active in suma de 2.745 mii RON.

- IFRS 17 Contractele de asigurare. Standardul emis pe 18 mai 2018, produce efecte pentru perioade anuale incepand la sau dupa data de 1 ianuarie 2021, permitandu-se aplicarea anticipata daca atat IFRS 15 Veniturile din contracte cu clientii, cat si IFRS 9 Instrumente financiare au fost aplicate. Standardul nu a fost inca aprobat de UE. IFRS 17 Contractele de asigurare stabileste principii pentru recunoasterea, evaluarea si prezentarea de informatii privind contractele de asigurare emise. Acesta impune, de asemenea, aplicarea de principii similare contractelor de reasigurare detinute si contractelor de investitii cu caracteristici de participare discretionara emise. Obiectivul este de a se asigura ca entitatile prezinta informatii relevante intr-o maniera ce reprezinta fidel acele contracte. Aceste informatii ofera o baza pentru utilizatorii situatiilor financiare de a evalua efectul pe care contractele ce intra in domeniul de aplicare al IFRS 17 le au asupra pozitiei financiare, performantelor financiare si fluxurilor de numerar ale unei entitati. Acest standard nu se aplica Grupului.

- Amendamente la IFRS 3 Combinari de intreprinderi, emise pe 22 octombrie 2018 (neadoptate inca de UE), menite sa imbunatateasca definitia unei intreprinderi si sa ajute entitatile sa determine daca o tranzactie ar trebui incadrata ca o combinare de intreprinderi sau ca o achizitie de active. Amendamentele clarifica faptul ca pentru a se incadra ca o intreprindere, un set de activitati si active dobandite trebuie sa includa cel putin o contributie si un proces de fond care impreuna contribuie semnificativ la capacitatea de a crea rezultate; restrange definitiile unei intreprinderi si ale rezultatelor, concentrandu-se asupra bunurilor si serviciilor furnizate clientilor si eliminand trimiterea catre o capacitate de reducere a costurilor; adauga indrumari si exemple ilustrative pentru a ajuta entitatile sa evalueze daca a fost dobandit un proces de fond; sa elimine aprecierea cum ca participantii pe piata sunt capabili sa inlocuiasca orice aport sau procese care lipsesc si sa continue sa produca rezultate; si sa adauge un test de concentrare optional care permite o evaluare simplificata a faptului ca un set de activitati si active dobandite reprezinta o intreprindere. Modificarile se aplica prospectiv tranzactiilor sau altor evenimente care au loc la sau dupa data primei aplicari.

- Amendamente la IFRS 9 Caracteristici de plata anticipata cu compensare negative au fost emise pe 18 mai 2018 (in vigoare pentru perioade de raportare anuale incepand la sau dupa 1 ianuarie 2019 cu aplicare anticipata permisa). Amendamentul accepta active financiare cu caracteristici de plata anticipata ce permit sau impun unei parti din contract fie sa plateasca, fie sa primeasca compensatie rezonabila pentru incetarea inainte de termen a contractului (astfel incat, din perspectiva detinatorului activului poate fi o "compensare negativa"), sa se evalueze la costul amortizat sau la valoarea justa prin alte elemente ale rezultatului global. Amendamentele nu sunt estimate a avea impact asupra situatiilor financiare ale Grupului.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde emise, dar care nu sunt inca in vigoare si nu au fost adoptate de timpuriu (continuare)

- Amendamente la IAS 1 si IAS 8: Definitia materialitatii, emis pe 31 octombrie 2018 (nu a fost inca adoptata de UE). Modificarile clarifica si aliniaza definitia termenului "material" si furnizeaza indrumare pentru a contribui la imbunatatirea consecventei in aplicarea acestui concept ori de cate ori acesta este utilizat in IFRS. Noua definitie precizeaza ca "informatiile sunt semnificative in cazul in care omiterea, nerespectarea sau ascunderea acestora ar putea rezulta in mod rezonabil sa influenteze deciziile luate de utilizatorii primari ai situatiilor financiare cu scop general pe baza situatiilor financiare care furnizeaza informatii financiare despre o entitate de raportare specifica. Amendamentele clarifica faptul ca materialitatea va depinde de natura sau magnitudinea informatiilor. O entitate va trebui sa evalueze daca informatiile, fie in mod individual, fie in combinatie cu alte informatii, sunt semnificative in contextul situatiilor financiare. O declaratie eronata a informatiilor este semnificativa daca se poate astepta in mod rezonabil sa influenteze deciziile luate de utilizatorii principali. Desi nu se asteapta ca modificarile aduse definitiei materialitatii sa aiba un impact semnificativ asupra situatiilor financiare, introducerea in definitie a termenului de "ascunderea informatiilor" ar putea avea un impact asupra modului in care materialitatea este stabilita in practica, ridicand importanta modului in care informatiile sunt prezentate in situatiile financiare.

- Amendamente la IAS 19: Modificari ale planului, reduceri sau decontari, emise pe 7 februarie 2018(neadoptate inca de UE). Amendamentele se vor aplica pentru perioade anuale ce incep cu sau dupa 1 ianuarie 2019, iar aplicarea timpurie este permisa. Amendamentele impun entitatilor sa foloseasca estimari actuariale actuale pentru a determina costul serviciului curent si dobanda neta pentru perioada ramasa din an dupa aducerea unei modificari la plan, dupa reduceri sau decontari. Amendamentele clarifica de asemenea cum afecteaza contabilizarea modificarilor aduse unui plan, a reducerilor si a decontarilor, aplicarea cerintelor referitoare la plafonul activului aferent planului de pensii.

- Amendamente la IAS 28: Interese pe termen lung in asociati si asocieri in participatie (emise pe 12 octombrie 2018, neadoptate inca de UE). Modificarile sunt aplicabile pentru perioadele de raportare anuale incepand la sau dupa 1 ianuarie 2019, permitandu-se aplicarea anticipata. Modificarile se refera la faptul daca evaluarea si, in special, cerintele privind deprecierea intereselor pe termen lung in asociatii si asocieri in participatie care, in substanta, fac parte din investitia neta in respectivul asociat sau asociere in participatie, ar trebui guvernate de IFRS 9, de IAS 28 sau de o combinatie a acestor doua standarde.

Modificarile clarifica faptul ca o entitate aplica IFRS 9 Instrumente financiare inainte sa aplice IAS 28, acelor interese pe termen lung carora nu li se aplica metoda punerii in echivalenta. In aplicarea IFRS 9, entitatea nu tine cont de ajustarile valorii contabile a intereselor pe termen lung care sunt generate de aplicarea IAS 28. Aceste amendamente nu se aplica Grupului.

- IFRIC 23 Incertitudine cu privire la tratamentele aplicate pentru impozitul pe profit. Interpretarea a fost emisa pe 7 iunie 2017, intra in vigoare pentru perioade anuale incepand la sau dupa 1 ianuarie 2019 si aplicarea timpurie este permisa. Interpretarea abordeaza contabilitatea impozitelor pe profit in situatia in care tratamentele fiscale implica un grad de incertitudine care afecteaza aplicarea standardului IAS 12. Interpretarea furnizeaza indrumare cu privire la analizarea anumitor tratamente fiscale la nivel individual sau impreuna, verificarile autoritatilor fiscale, metoda adecvata care sa reflecte incertitudinea si contabilitatea modificarii evenimentelor si imprejurarilor. Directorii nu anticipeaza ca aplicarea amendamentelor in viitor va avea un impact asupra situatiilor financiare consolidate ale Grupului.

Imbunatatiri anuale IFRS - Ciclul 2015 – 2017 (in vigoare pentru perioade anuale care incep la sau dupa 1 ianuarie 2019), emise pe 12 decembrie 2017 si neadoptate inca de UE. Imbunatatirile nu se asteapta sa aiba un impact semnificativ asupra situatiilor financiare ale Grupului. Aceste imbunatatiri anuale sunt o colectie de amendamente la IFRS-urile:

-IFRS 3 Combinari de intreprinderi si IFRS 11 Acorduri comune: Modificarile aduse IFRS 3 clarifica faptul ca, atunci cand o entitate obtine controlul asupra unei intreprinderi care este o operatiune in participatie, aceasta reevalueaza interesele detinute anterior in respectiva intreprindere. Modificarile duse IFRS 11 clarifica faptul ca, atunci cand o entitate obtine controlul comun asupra unei intreprinderi care este o operatiune in participatie, entitatea nu reevalueaza interesele detinute anterior in respectiva intreprindere.

2 APLICAREA STANDARDELOR INTERNATIONALE NOI SI REVIZUITE DE RAPORTARE FINANCIARA (continuare)

Standarde emise, dar care nu sunt inca in vigoare si nu au fost adoptate de timpuriu (continuare)

-IAS 12 Impozitul pe profit: Modificarile clarifica faptul ca efectele asupra impozitului pe profit ale platilor privind instrumentele financiare clasificate drept capitaluri proprii, trebuie recunoscute conform modului in care au fost recunoscute tranzactiile sau evenimentele din trecut care au generat profit distribuibil.

- IAS 23 Costurile indatorarii: Modificarile clarifica paragraful 14 din standard conform caruia, atunci cand un activ calificabil este disponibil pentru utilizarea sa prestabilita sau pentru vanzare si unele dintre imprumuturile specifice aferente activului calificabil respectiv raman restante la acel moment, imprumutul respectiv trebuie inclus in fondurile pe care o entitate le imprumuta, in general.

3 POLITICI CONTABILE SEMNIFICATIVE

Declaratia de conformitate

Situațiile financiare consolidate au fost întocmite în conformitate cu Standardele Internaționale de Raportare Financiară adoptate de Uniunea Europeană (“UE”).

Principalele politici contabile sunt prezentate mai jos:

Bazele consolidarii

Situatiile financiare consolidate includ situatiile financiare ale Societății si ale entitatilor controlate de aceasta (filialele acesteia). Grupul controleaza o entitate atunci cand Grupul este expus, sau are drepturi la castiguri variabile din implicarea acestuia in respectiva entitate si are capacitatea de a influenta acele castiguri prin puterea pe care o detine asupra entitatii. Filialele sunt consolidate in intregime incepand din data cand se transfera controlul catre grup si sunt deconsolidate din data cand controlul inceteaza.

In general, exista presupunerea ca o majoritate a drepturilor de vot duce la control. Pentru a sprjini aceasta prezumtie si atunci cand Grupul are mai putin de o majoritate de vot sau alte drepturi similare ale unui actionar, Grupul considera toate faptele si circumstantele relevante in a evalua daca are putere asupra unui investit, inclusiv:

- Angajamentul contractual cu alti detinatori de drepturi de vot
- Drepturile care decurg din alte acorduri contractuale
- Dreptul de vot al Grupului si drepturile de vot potentiale.

Veniturile si cheltuielile filialelor achizitionate sau cedate pe parcursul anului sunt incluse in situatia consolidata a rezultatului global de la data achizitiei si pana la data cedarii, dupa caz. Rezultatul global total al filialelor este atribuit proprietarilor Societății si intereselor care nu controleaza chiar daca aceasta conduce la un sold deficitar al intereselor care nu controleaza.

Cand este necesar, situatiile financiare ale filialelor sunt ajustate pentru a corela politicile contabile ale acestora cu cele folosite la nivelul Grupului.

Toate tranzactiile intragrup, soldurile, veniturile si cheltuielile sunt eliminate complet in procesul consolidarii.

Schimbari ale participatiilor in capitalurile proprii ale filialelor

Schimbarile participatiilor in capitalurile proprii ale filialelor, care nu au ca rezultat pierderea controlului Grupului, sunt contabilizate in capitaluri proprii. Valorile contabile ale intereselor Grupului si ale intereselor care nu controleaza sunt ajustate pentru a reflecta modificarile intereselor participatiilor aferente in filiala. Orice diferenta intre valoarea cu care sunt ajustate interesele care nu controleaza si valoarea justa a contravalorii platite sau primite este recunoscuta direct in capitalurile proprii si atribuita proprietarilor Societății.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Bazele consolidarii (continuare)

Cand Grupul pierde controlul asupra unei filiale, profitul sau pierderea la vanzare este calculat ca diferenta dintre (i) agregatul valorii juste a contravalorii primite si valoarea justa a oricarei participatii retinute si (ii) valoarea contabila anterioara a activelor (inclusiv fondul comercial) si datoriilor filialei si ale oricaror interese care nu controleaza. Cand activele filialei sunt masurate la valori reevaluate, iar castigul sau pierderea cumulata aferenta este recunoscuta in rezultatul global si acumulate in capitaluri proprii, valorile recunoscute anterior in rezultatul global si acumulate in capitalurile proprii sunt contabilizate ca si cum Societatea a dispus in mod direct de activele relevante (adica au fost reclasificate in profit sau pierdere sau au fost transferate direct in rezultat reportat asa cum se specifica in standardele IFRS in vigoare). Valoarea justa a oricarei investitii retinuta in fosta filiala la data pierderii controlului este considerata ca fiind valoarea justa de la data pierderii controlului, ca recunoastere initiala pentru contabilizarea ulterioara conform IAS 39 Instrumente financiare: Recunoastere si Evaluare sau, acolo unde este cazul, costul la recunoasterea initiala a unei investitii intr-o entitate asociata sau intr-o entitate controlata in comun.

Combinari de intreprinderi

Achizitiile de intreprinderi sunt contabilizate prin folosirea metodei achizitiei. Contravaloarea transferata intr-o combinare de intreprinderi este evaluata la valoarea justa, care se calculeaza ca suma dintre valorile juste la data achizitiei ale activelor transferate de Grup, datoriile inregistrate de Grup fata de fostii proprietari ai entitatii dobandite si participatiile in capitalurile proprii emise de catre Grup in schimbul controlului asupra entitatii dobandite. Costurile aferente achizitiei sunt in general recunoscute in profit sau pierdere atunci cand sunt suportate.

La data achizitiei, activele identificabile achizitionate si datoriile asumate sunt recunoscute la valoarea lor justa la data achizitiei, exceptie facand situatiile in care:

- creantele privind impozitul amanat si datoriile corespunzatoare angajamentelor privind beneficiile ale angajatilor sunt recunoscute si evaluate in conformitate cu IAS 12 Impozit pe profit si, respectiv, IAS 19 Beneficii angajati;
- datoriile sau instrumentele de capitaluri aferente angajamentelor de plata pe baza de actiuni incheiate de Grup pentru a inlocui angajamentele de plata pe baza de actiuni ale entitatii dobandite sunt evaluate in conformitate cu IFRS 2 Plata pe baza de actiuni la data achizitiei; si
- activele (sau grupurile destinate cedarii), care sunt clasificate ca fiind detinute in vederea vanzarii in conformitate cu IFRS 5 Active imobilizate detinute in vederea vanzarii si activitati intrerupte, sunt evaluate in conformitate cu standardul respectiv.

Interesele care nu controleaza si care reprezinta participatii in capitaluri proprii si dau dreptul detinatorilor la o participatie proportionala in activele nete ale entitatii in cazul lichidarii pot fi evaluate fie conform valorii juste, fie conform participatiei proportionale a intereselor care nu controleaza si valorile recunoscute ale activelor nete ale entitatii dobanditoare. Alegerea bazei de evaluare se face la fiecare tranzactie. Alte tipuri de interese care nu controleaza sunt evaluate la valoarea justa sau, cand este cazul, conform bazei specificate in alte standarde IFRS.

Cand contravaloarea transferata de catre Grup intr-o combinare de intreprinderi include active sau obligatii rezultate dintr-un angajament de contravaloare contingenta, aceasta este evaluata la valoarea justa de la data achizitiei si este inclusa ca parte din contravaloarea transferata intr-o combinare de intreprinderi. Modificarile valorii juste a contravalorii contingente care se califica drept ajustari ale perioadei de evaluare sunt ajustate retroactiv pe baza fondului comercial. Ajustarile perioadei de evaluare sunt ajustari care decurg din informatii suplimentare pe parcursul „perioadei de evaluare” (care nu poate depasi un an de la data achizitiei) referitoare la faptele si circumstantele existente la data achizitiei.

Contabilizarea ulterioara a modificarilor valorii juste a contravalorii contingente care nu se incadreaza in ajustarile perioadei de evaluare depinde de modul in care este clasificata contravaloarea contingenta. Contravaloarea contigenta clasificata drept capital propriu nu este reevaluata la date de raportare ulterioare, iar decontarea ulterioara a acesteia este contabilizata in cadrul capitalului propriu. Contraprestatia contingenta clasificata ca activ sau datorie este reevaluata la date de raportare ulterioare in conformitate cu IAS 39 Instrumente financiare: Recunoastere si evaluare sau IAS 37 Provizioane, datorii contingente si active contingente, castigul sau pierderea corespunzatoare fiind recunoscuta in profit sau pierdere.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Combinari de intreprinderi (continuare)

Cand o combinare de intreprinderi se realizeaza in etape, participatia in capitalurile proprii detinuta anterior de Grup in entitatea dobandita este reevaluata la valoarea justa de la data achizitiei (adica Grupul dobandeste controlul) si castigul sau pierderea rezultata, daca exista, este recunoscuta in profit sau pierdere. Valorile care rezulta din interese in entitatea dobandita anterior datei de achizitie care au fost recunoscute anterior in alte venituri globale sunt reclasificate in profit sau pierdere, tratamentul fiind similar cu situatia in care interesul respectiv ar fi cedat.

Daca contabilizarea initiala a unei combinari de intreprinderi este incompleta la sfarsitul perioadei de raportare in care are loc combinarea, Grupul raporteaza valori provizorii pentru elementele pentru care contabilizarea este incompleta. Aceste valori provizorii sunt ajustate pe parcursul perioadei de evaluare (vezi mai sus), sau activele sau datoriile suplimentare sunt recunoscute, pentru a reflecta informatiile noi obtinute cu referire la faptele si circumstantele existente la data achizitiei care, daca este cunoscut, ar fi influentat valorile recunoscute la data respectiva.

Fondul comercial

Fondul comercial generat de achizitia unei afaceri este contabilizat la cost asa cum este stabilit la data achizitiei afacerii minus pierderile din depreciere cumulate, daca exista.

In scopul testului de depreciere, fondul comercial se aloca fiecarei unitati generatoare de numerar a grupului (sau grupurilor de unitati generatoare de numerar) care se asteapta sa beneficieze din sinergiile combinarii.

O unitate generatoare de numerar careia i-a fost alocat un fond comercial este testata anual pentru depreciere sau mai des atunci cand exista un indiciu ca unitatea ar putea fi depreciata. Daca valoarea recuperabila a unitatii generatoare de numerar este mai mica decat valoarea contabila a acesteia, deprecierea este alocata in primul rand pentru diminuarea valorii contabile a oricarui fond comercial alocat unitatii si apoi celorlalte active ale unitatii pro rata pe baza valorii contabile a fiecarui activ din unitate.
Orice depreciere pentru fondul comercial este recunoscuta direct in profit sau pierdere in situația consolidata a rezultatului global. Deprecierea recunoscuta pentru fondul comercial nu poate fi reversata in perioadele urmatoare.

La data vanzarii unitatii generatoare de numerar relevante, valoarea atribuibila a fondului comercial este inclusa in determinarea castigului sau a pierderii din vanzare.

Clasificarea pe termen scurt versus clasificarea pe termen lung a activelor si datoriilor

Grupul isi prezinta activele si datoriile in situatia pozitiei financiare ca fiind clasificate pe termen scurt/ pe termen lung.

Un activ este clasificat ca fiind pe termen scurt daca:
- Se asteapta sa fie realizat sau se intentioneaza sa fie vandut sau utilizat in cursul normal al ciclului de exploatare al Grupului;
- Este detinut in principal cu scopul de a fi tranzactionat;
- Se asteapta sa fie utilizat in termen de 12 luni dupa data de raportare, sau
- Este reprezentat de numerar sau echivalente de numerar a caror utilizare nu este restrictionata pentru pentru a fi schimbat sau utilizat pentru a deconta o datorie, cel putin in urmatoarele 12 luni dupa data de raportare.

Toate celelalte active sunt clasificate ca fiind active pe termen lung.
O datorie este clasificata pe temen scurt daca:
- Se asteapta sa fie decontata in cursul normal al ciclul de exploatare al Grupului;
- Este detinuta in principal cu scopul de a fi tranzactionata;
- Este exigibila in termen de 12 luni dupa data de raportare, sau
- Nu exista niciun drept neconditionat de a amana decontarea datoriei pentru cel putin 12 luni dupa data de raportare.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Clasificarea pe termen scurt versus clasificarea pe termen lung a activelor si datoriilor (continuare)

Grupul clasifica toate celelalte datorii ca fiind datorii pe termen lung.

Creantele si datoriile privind impozitul amanat sunt clasificate ca fiind active si datorii pe termen lung.

Evaluarea la valoarea justa

Grupul isi evalueaza unele instrumentele financiare, precum instrumentele derivate, si unele active non-financiare cum ar fi investitiile imobiliare, la valoare justa, la fiecare data de raportare.

Valoarea justa reprezinta pretul care ar putea fi primit in urma vanzarii unui activ sau platit pentru a transfera o datorie intr-o tranzactie desfasurata in cursul normal al activitatii intre participanti pe piata, la data de evaluare.

Evaluarea la valoarea justa se bazeaza pe prezumtia ca tranzactia de vanzare a activului sau transferul datoriei are loc, fie:
- Pe piata principala a activului sau a datoriei, fie
- In lipsa unei piete principale, pe piata cea mai avantajoasa pentru activ sau pentru datorie.

Piata principala sau piata cea mai avantajoasa trebuie sa fie accesibile Grupului.

Valoarea justa a unui activ sau a unei datorii este evaluata folosind ipotezele pe care participantii pe piata le-ar folosi pentru a stabili valoarea unui activ sau al unei datorii, presupunand ca participantii pe piata actioneaza pentru a obtine un beneficiu economic maxim.

Evaluarea la valoare justa a unui activ non-financiar ia in considerare abilitatea participantilor din piata de a genera beneficii economice prin cea mai intensa si cea mai buna utilizarea a activului sau prin vanzarea acestuia unui alt participant din piata care la randul sau l-ar putea folosi la cea mai intensa si cea mai buna utilizare a acestuia.

Grupul foloseste tehnici de evaluare adecvate tinand cont de circumstantele pentru care sunt disponibile date suficiente care sa permita evaluarea la valoarea justa, maximizand folosirea input-urilor observabile relevante si minimizand utilizarea input-urilor neobservabile.

Toate activele si datoriile pentru care valoarea justa este masurata sau prezentata in situatiile financiare sunt clasificate conform ierarhiei valorii juste, prezentate dupa cum urmeaza, evaluarea la valoarea justa fiind clasificata in intregime la acelasi nivel al ierarhiei valorii juste ca data de intrare cu cel mai scazut nivel care este semnificativa pentru intreaga evaluare:
- Nivelul 1 – Preturi cotate de pe piete active pentru active sau datorii identice (fara ajustari);
- Nivelul 2 – Tehnici de evaluare pentru care data de intrare cu cel mai scazut nivel care este semnificativa pentru evaluarea la valoarea justa este observabila fie direct, fie indirect;
- Nivelul 3 – Tehnici de evaluare pentru care data de intrare cu cel mai scazut nivel care este semnificativa pentru pentru evaluarea la valoarea justa este neidentificabila.

Pentru activele si datoriile care sunt recunoscute in situatiile financiare in mod recurent, Societatea trebuie sa determine daca au aparut transferuri intre nivelurile ierarhiei valorii juste prin reanalizarea categoriei (pe baza celui mai mic redus nivel de informatii care este semnificativ pentru evaluarea la valoarea justa in ansamblu) la finalul fiecarei date de raportare.

Venituri din contracte cu clienții

Vanzari de bunuri

In conformitate cu IFRS 15, veniturile sunt recunoscute atunci cand un client obtine controlul asupra bunurilor. Grupul livreaza bunuri (in principal bauxita, alumina calcinata si hidroxid de aluminiu) in conditii contractuale bazate pe conditii de livrare acceptate la nivel international (INCOTERMS).

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Venituri din contracte cu clienții (continuare)

Grupul recunoaste venitul la un moment in timp, moment in care controlul activului este transferat clientului, anume in general la livrarea bunurilor.

Consideratii legate de actiunea in nume propriu si cea in calitate de intermediar

In conformitate cu IFRS 15, evaluarea se bazeaza pe criteriul daca Grupul controleaza bunurile specifice inainte de a le transfera clientului final, mai degraba decat daca are expunere la riscuri si recompense semnificative asociate vanzarii de bunuri.

Grupul a concluzionat ca actioneaza in nume propriu in toate relatiile contractuale de vanzari, deoarece este prestatorul principal in toate contractele de venituri, are dreptul de a stabili pretul si este expus riscurilor aferente stocurilor.

Recunoasterea veniturilor din obligatii de prestare distincte

Grupul a analizat contractele sale cu clientii pentru a-si determina toate obligatiile de prestare, si nu au identificat nici o noua obligatie de prestare care ar trebui contabilizata distinct in conformitate cu IFRS 15.

Prestarea de servicii

Grupul presteaza diverse servicii ocazional si ca activitati secundare. Venitul este evaluat la valoarea preconizata a contraprestatiei primite sau de primit. In conformitate cu IFRS 15, contravaloarea totala din contractele de servicii se aloca tuturor serviciilor pe baza preturilor lor de vanzare individuale. Preturile de vanzare individuale se stabilesc pe baza preturilor de lista la care Grupul presteaza serviciile respective in tranzactii separate. Pe baza evaluarii Grupului, valoarea alocata in baza preturilor de vanzare individuale relative si preturile de vanzare individuale ale serviciilor sunt in mare masura similare.
Cerintele de recunoastere si evaluare din IFRS 15 sunt de asemenea aplicabile pentru recunoasterea si evaluarea oricaror castiguri sau pierderi rezultate din cedarea activelor nefinanciare (cum ar fi activele fixe si imobilizarile necorporale), atunci cand aceasta cedare nu este in cursul normal al afacerii.

Sumele primite de la clienti inainte de livrarea bunurilor sau de prestarea serviciilor de catre Grup sunt reflectate ca datorii in Situatia Pozitiei Financiare in categoria "Avansuri de la clienti" pana la momentul cand Grupul transfera controlul bunurilor livrate catre client sau presteaza serviciul contractat.

Venituri din dividende si dobanzi

Venitul din dividende generat de investitii este recunoscut atunci cand a fost stabilit dreptul actionarului de a primi plata (cu conditia ca este probabil ca beneficii economice viitoare sa fie directionate catre Grup si valoarea veniturilor sa poata fi masurata in mod credibil).

Venitul din dobanda generat de un activ financiar este recunoscut atunci cand este probabil ca Grupul sa obtina beneficii economice si cand venitul respectiv poate fi masurat in mod credibil. Venitul din dobanzi se cumuleaza in timp, prin raportare la principal si la rata dobanzii efective aplicabile, adica rata care actualizeaza exact viitoarele incasari de numerar estimate de-a lungul perioadei anticipate a activului financiar la valoarea contabila neta a activului la data recunoasterii initiale.

Leasing

Pentru a determina daca un aranjament constituie, sau contine, un contract de leasing, se ia in considerare substanta aranjamentului la data inceperii acestuia, daca indeplinirea acestuia depinde de utilizarea unui anumit activ sau a anumitor active sau aranjamentul confera dreptul de utilizare a activului, chiar daca acest drept nu este in mod explicit specificat in aranjament.

Contractele de leasing sunt clasificate drept contracte de leasing financiar ori de cate ori conditiile contractului de leasing transfera in mod substantial toate riscurile si recompensele aferente dreptului de proprietate utilizatorului. Toate celelalte contracte de leasing sunt clasificate ca leasing operational.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Leasing (continuare)

Contractele de leasing capitalizate se depreciaza pe cea mai scurta perioada dintre durata de viata utila a mijlocului fix si durata contractului de leasing.

Activele detinute conform contractelor de leasing financiar sunt initial recunoscute ca active ale Grupului la valoarea justa a acestora la inceputul contractului de leasing sau, daca aceasta este mai scazuta, la valoarea curenta a platilor minime de leasing. Obligatia corespunzatoare fata de proprietar este inclusa in situatia consolidata a pozitiei financiare ca obligatie asociata leasing-ului financiar. Activele detinute conform contractelor de leasing financiar se depreciaza pe cea mai scurta perioada dintre durata de viata utila a activului si durata contractului de leasing.

Platile din leasing financiar sunt repartizate intre cheltuieli financiare si diminuarea obligatiei asociate leasing-ului astfel incat sa se obtina o rata a dobanzii constanta aferenta soldului datoriei. Cheltuielile financiare sunt imediat recunoscute in profit sau pierdere, daca acestea nu sunt atribuibile direct activelor eligible, caz in care acestea sunt capitalizate in conformitate cu politica generala a Grupului privind costurile imprumuturilor. Inchirierile contingente sunt recunoscute ca si cheltuieli in perioadele in care acestea sunt suportate.

Platile din leasing-ul operational sunt recunoscute liniar ca si cheltuiala de-a lungul perioadei leasing-ului, cu exceptia cazurilor in care o alta baza de calcul este mai reprezentativa pentru intervalul in care beneficiile economice rezultate din activul luat in leasing se consuma. Inchirierile contingente generate conform leasing-ului operational sunt recunoscute ca o cheltuiala in perioada in care acestea sunt suportate.

In cazul in care se primesc stimulente de leasing pentru a incheia contracte de leasing operational, astfel de stimulente sunt recunoscute ca o diminuare liniara a cheltuielilor de inchiriere, cu exceptia cazurilor in care o alta baza sistematica este mai reprezentativa pentru intervalul in care beneficiile economice rezultate din activul dat in leasing se consuma.

Tranzactii in moneda straina

La pregatirea situatiilor financiare ale fiecarei entitati individuale a Grupului, tranzactiile in monede, altele decat moneda functionala a entitatii (valute), sunt recunoscute la cursuri de schimb valutar curente la datele tranzactiilor. La sfarsitul fiecarei perioade de raportare, elementele monetare exprimate intr-o moneda straina sunt convertite din nou la cursurile curente de la acea data. Elementele nemonetare contabilizate la valoarea justa, care sunt exprimate intr-o moneda straina, sunt convertite din nou la cursurile curente la data cand valoarea justa a fost stabilita. Elementele nemonetare, care sunt evaluate la cost istoric intr-o moneda straina nu sunt convertite din nou.

Diferentele de curs valutar aferente elementelor monetare sunt recunoscute in profit sau pierderi in perioada in care acestea apar, cu exceptia:

- diferentelor de curs aferente imprumuturilor in moneda straina pentru activele in curs de executie pentru capacitati de productie viitoare, care sunt incluse in costul acelor active, daca sunt privite ca o ajustare a costului dobanzilor la aceste imprumuturi in moneda straina;
- diferentelor de curs aferente tranzactiilor incheiate pentru a acoperi anumite riscuri valutare;

În scopul pezentării situațiilor financiare în Lei, activele și datoriile monetare ale Grupului sunt convertite la cursurile de schimb în vigoare la sfârșitul perioadei de raportare. Elementele de venituri și cheltuieli sunt convertite la cursul de schimb aferent perioadelor prezentate.

In scopul prezentarii situatiilor financiare in lei, pentru entitatile a caror moneda functionala este diferita de RON, activele si datoriile sunt convertite la cursurile de schimb în vigoare la sfârsitul perioadei de raportare. Elementele de venituri si cheltuieli sunt convertite la cursurile de schimb medii aferente perioadelor prezentate. Elementele de capitaluri proprii sunt convertite la cursuri istorice. Diferențele de schimb provenite din conversie sunt recunoscute în alte venituri globale și acumulate în capitalurile proprii (atribuite intereselor minoritare, după cum este cazul).

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Tranzactii in moneda straina (continuare)

La vânzarea unei operațiuni in strainatate (o vânzare a întregului interes al Grupului într-o operațiune in strainatate, sau o vânzare ce implică pierderea controlului asupra unei filiale care include o operațiune in strainatate, pierderea controlului comun asupra unei entități controlate în comun care include o operațiune in strainatate, sau pierderea unei influențe semnificative asupra unui asociat care include o operațiune in strainatate), toate diferențele de schimb acumulate cu privire la operațiunea atribuibilă Grupului sunt reclasificate în contul de profit și peirdere. Orice diferențe care au fost anterior atribuite intereselor minoritare sunt derecunoscute, dar nu sunt clasificate în contul de profit și pierdere.

Costurile indatorarii

Costurile indatorarii constau din dobanzi si alte costuri pe care o entitate le are in legatura cu imprumutul de fonduri. Costurile indatorarii, atribuibile in mod direct achizitiei, constructiei sau realizarii activelor eligibile, active care necesita o perioada substantiala de timp pentru a fi gata pentru utilizare sau vanzare, se adauga costului acelor active pana cand activele sunt pregatite in mod semnificativ in vederea utilizarii sau vanzarii.

Veniturile din investitia temporara a indatorarii specifice obtinute pentru achizitia sau constructia activelor eligibile se deduc din costurile imprumuturilor care se pot capitaliza.

Toate celelalte costuri cu indatorarea sunt recunoscute in profitul sau pierderea consolidata, in perioada in care acestea apar.

Beneficii ale angajatilor

Pe parcursul desfasurarii normale a activitatii, Grupul plateste Statului Roman, in numele angajatilor sai, contributiile pentru pensii, sanatate si somaj. Cheltuielile cu aceste plati se inregistreaza in profit sau pierdere in aceeasi perioada cu cheltuielile de salariu aferente.

Grupul isi rasplateste angajatii cu beneficii de pensionare conform contractului colectiv de munca. Pentru acest plan de beneficii determinate, costul beneficiilor este stabilit folosind metoda unitatilor de credit proiectate, iar evaluarea actuariala este realizata la fiecare data de raportare.

Reevaluarea, ce contine castiguri sau pierderi actuariale, se reflecta in situatia pozitiei financiare in aceeasi perioada cu recunoasterea unei cheltuieli sau a unui venit in situatia altor venituri globale, in perioada in care au loc. Reevaluarea recunoscuta in situatia altor venituri globale se reflecta in rezultatul acumulat si nu va fi reclasificata in situatia de profit sau pierdere. Dobanda neta este calculata prin aplicarea unei rate de discount la soldul de la inceputul perioadei aferent provizionului pentru pensii cu beneficii determinate. Costurile provizionului sunt clasificate astfel:
- costul serviciului (cuprinzand costul serviciului curent, costul serviciului anterior, precum si castiguri si pierderi din anulari si cheltuieli realizate) incluse in situatia de profit sau pierdere in categoria "Costul vanzarilor" sau "Cheltuieli generale si administrative", ca si cheltuieli cu personalul.
- cheltuiala neta cu dobanda, inclusa in categoria "Cheltuieli nete cu dobanzile" in situatia de profit sau pierdere;
- reevaluari.

Beneficii pentru rezilierea contractului de munca

Beneficiile pentru terminarea contractului de munca se vor plati atunci cand contractul de angajare este incetat de catre Grup inainte de data normala de pensionare sau ori de cate ori un angajat accepta plecarea voluntara in schimbul acestor beneficii. Grupul recunoaste beneficiile pentru terminarea contractului de munca atunci cand acesta se obliga fie: sa rezilieze contractele de munca ale angajatilor actuali conform unui plan formal detaliat fara posibilitatea de retragere; sau sa ofere beneficii ca rezultat al unei oferte facute pentru a incuraja plecarea voluntara. Beneficiile datorate la mai mult de 12 luni dupa data bilantului sunt actualizate la data de raportare.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Impozitarea

Cheltuielile cu impozitul pe profit reprezinta suma impozitelor de platit in mod curent, precum si a impozitelor amanate.

Impozitul curent

Impozitul platibil in mod curent se bazeaza pe profitul impozabil realizat in decursul anului. Profitul impozabil difera fata de profitul raportat in situatia consolidata a rezultatului global din cauza elementelor de venituri sau cheltuieli ce sunt impozitabile sau deductibile in unii ani, precum si datorita elementelor ce nu sunt niciodata impozabile sau deductibile. Obligatia Grupului in materie de impozite curente este calculata folosind rate de impozitare ce au fost adoptate sau in mare masura adoptate la sfarsitul perioadei de raportare (pentru companiile Grupului din Romania 16%, pentru Sierra Leone 30%).

Impozitul amanat

Impozitul amanat se recunoaste pe baza diferentelor temporare dintre valoarea contabila a activelor si a datoriilor din situatiile financiare consolidate si bazele de impozitare corespunzatoare folosite in calculul profitului impozabil.

Datoriile privind impozitul amanat sunt in general recunoscute pentru toate diferentele impozabile temporare.

Creantele privind impozitul amanat sunt in general recunoscute pentru toate diferentele temporare deductibile in masura in care este probabil ca vor fi disponibile suficiente profituri impozabile, fata de care creanta privind impozitul amanat se poate utiliza.

Nu se recunosc creante sau datorii privind impozitul amanat in cazul in care diferenta temporara este generata de recunoasterea initiala a fondului comercial sau de recunoasterea initiala a unui activ sau a unei datorii intr-o tranzactie care nu reprezinta o combinare de intreprinderi si la momentul tranzactiei nu afecteaza nici profitul contabil, nici profitul impozabil (pierderea fiscala).

Datoriile cu impozitul amânat sunt recunoscute si pentru diferente impozabile temporare asociate cu investitii in filiale si asociati, si interese in asocierile in participatii, cu exceptia pentru care Grupul este capabil sa controleze reluarea diferentei temporare si este probabil ca diferenta temporara sa nu fie reluata in viitorul previzibil. Activele privind impozitul amanat rezultand din diferente deductibile temporare asociate cu astfel de investitii si interese sunt recunoscute doar in limita in care este probabil ca vor exista suficiente profituri impozabile pe seama carora sa se utilizeze beneficiile diferentelor temporare, si daca este probabil sa fie reluate in viitorul previzibil.

Valoarea contabila a creantelor cu impozitul amanat este revizuita la finalul fiecarei perioade de raportare si redusa in masura in care nu mai este probabil ca vor fi suficiente profituri impozabile incat sa permita recuperarea integrala sau partiala a activelor.

In prezent pierderile fiscale generate de societatile Grupului din Romania pot fi recuperate pe o perioada de 7 ani, iar in Sierra Leone pe o perioada de 10 ani.

Creantele si datoriile privind impozitul amanat sunt evaluate la nivelul impozitelor ce se asteapta fi aplicate in perioada in care activul este realizat sau datoria este decontata, bazandu-ne pe nivelul impozitelor (si al legilor fiscale) ce au intrat in vigoare sau urmeaza a intra in vigoare pana la sfarsitul perioadei de raportare. Masurarea creantelor si datoriilor privind impozitul amanat reflecta consecintele fiscale ce ar urma sa decurga din felul in care Grupul se asteapta, la sfarsitul perioadei de raportare, sa recupereze sau sa deconteze valoarea contabila a creantelor si datoriilor sale.

Impozitul anual curent si amanat

Impozitul curent si cel amanat sunt recunoscute in situatia consolidata de profit sau pierdere cu exceptia cazului in care ele se refera la elemente ce sunt recunoscute in alte rezultate globale sau direct in capitalul propriu, caz in care impozitul curent si cel amanat sunt de asemenea recunoscute in alte elemente ale rezultatului global, respectiv capitaluri proprii.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Taxa pe valoarea adaugata (TVA)

Veniturile, cheltuielile si activele sunt recunoscute nete de TVA, cu exceptia:

- situatiei in care taxa aferenta achizitiei unui activ sau prestarii unui serviciu nu este recuperabila de la autoritatea fiscala, caz in care TVA-ul se recunoaste ca parte a costului de achizitie al activului sau al serviciului, dupa caz;
- situatiei in care creantele si datoriile sunt recunoscute cu TVA-ul inclus.

Suma neta de TVA de plata sau de recuperat de la autoritatea fiscala este inclusa in creante sau datorii in situatia pozitiei financiare.

Imobilizari corporale

Terenurile si cladirile utilizate in activitatea de productie sau pentru furnizarea de bunuri sau servicii, sau in scopuri administrative, sunt prezentate in situatiile financiare consolidate la cost minus orice amortizare cumulata si orice pierderi cumulate din depreciere.

Instalatiile si echipamentele sunt evaluate la cost minus amortizarea cumulata si pierderea cumulata din depreciere.

Imobilizarile corporale in curs de executie ce urmeaza a fi utilizate in productie sau administrativ sunt evaluate la cost minus pierdere cumulata din depreciere. Costurile includ si onorariile profesionale si pentru activele eligibile, costurile indatorarii capitalizate in conformitate cu politicile contabile ale Grupului. Astfel de active sunt clasificate la categoriile respective de imobilizari corporale atunci cand sunt terminate sau gata de utilizare pentru scopul in care au fost prevazute. Amortizarea acestor active, pe aceeasi baza ca si alte active aflate in proprietate, incep atunci cand activele sunt disponibile pentru utilizare in maniera dorita de conducere.

Terenurile nu se amortizeaza.

Amortizarea este recunoscuta pentru a aloca sistematic costul activului minus valoarea reziduala pe intreaga durata de viata a activelor, folosindu-se metoda liniara, dupa cum urmeaza:

Cladiri si alte constructii speciale	intre 2 si 52 ani
Instalatii tehnice si masini	intre 1 si 25 ani
Echipamente si vehicule	intre 1 si 25 ani

Duratele de viata utila estimate, valorile reziduale si metoda de amortizare sunt revizuite la finalul fiecarei perioade de raportare, orice modificare a acestora fiind contabilizata prospectiv.

Activele detinute in baza unui contract de leasing financiar sunt amortizate pe durata lor de viata utila pe aceeasi baza ca si activele detinute in proprietate sau pe perioada contractului de leasing daca aceasta din urma este mai scurta.
Un element de imobilizare corporala nu mai este recunoscut ca urmare a cedarii sau atunci cand nu mai sunt asteptate beneficii economice viitoare din utilizarea in continuare a activului. Orice castig sau pierdere rezultand din cedarea sau casarea unei imobilizari corporale este determinat ca diferenta dintre incasarile din vanzari si valoarea contabila neta a activului si este recunoscut in situatia consolidata de profit sau pierdere la data derecunoasterii.

Cand parti semnificative dintr-o imobilizare corporala trebuie inlocuite intr-un anumit interval, Societatea recunoaste aceste parti ca active individuale cu durate de viata proprii si le amortizeaza coresponzator. De asemenea, cand se efectueaza o revizie majora, costul acesteia se recunoaste in valoarea contabila a echipamentului respectiv ca o inlocuire daca criteriile de recunoastere sunt indeplinite. Toate celelalte cheltuieli cu reparatiile si mentenanta sunt recunoscute in contul de profit sau pierdere atunci cand se efectueaza. Valoarea prezenta a costurilor cu reabilitarea unui activ este inclusa in costul respectivului activ daca criteriile de recunoastere sunt indeplinite.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Imobilizari necorporale

Imobilizari necorporale achizitionate separat

Imobilizarile necorporale cu durata de viata utila finita care sunt achizitionate separat, sunt contabilizate la cost minus amortizarea cumulata si pierderea din depreciere cumulata. Amortizarea este recunoscuta liniar de-a lungul duratelor de viata utila a acestora. Durata de viata utila estimata si metoda de amortizare sunt revizuite la finalul fiecarei perioade de raportare, avand ca efect faptul ca orice modificari ale estimarilor sunt contabilizate pe baza prospectiva. Imobilizarile necorporale cu durata de viata utila nedefinita, care sunt achizitionate separat, sunt contabilizate la cost minus pierderi cumulate din depreciere.

Imobilizari necorporale achizitionate intr-o combinare de intreprinderi

Imobilizarile necorporale achizitionate intr-o combinare de intreprinderi si recunoscute separat de fondul comercial sunt recunoscute initial la valoarea lor justa la data achizitiei (care este privita drept cost al acestora).
Ulterior recunoasterii initiale, imobilizarile necorporale achizitionate intr-o combinare de intreprinderi sunt raportate la cost minus amortizarea cumulata si pierderile din depreciere cumulate, pe aceeasi baza ca si imobilizarile necorporale care sunt achizitionate separat.

Derecunoasterea imobilizarilor necorporale

O imobilizare necorporala este derecunoscuta la cedare sau atunci cand nu se mai preconizeaza nici un fel de beneficii economice viitoare din utilizarea sau cedarea sa. Castigurile sau pierderile rezultate din derecunoasterea unei imobilizari necorporale, evaluate ca diferenta dintre incasarile nete din vanzare si valoarea contabila neta a activului, sunt recunoscute in profitul si pierderea consolidata atunci cand activul este derecunoscut.
Amortizarea imobilizarilor necorporale se face pe perioade cuprinse intre 3 ani (pentru software) si 50 ani (pentru concesiuni).

Deprecierea imobilizarilor corporale si necorporale, altele decat fondul comercial

La finalul fiecarei perioade de raportare Grupul revizuieste valorile contabile ale imobilizarilor corporale si necorporale ale sale pentru a stabili daca exista indicii de depreciere. Daca exista astfel de indicii, se estimeaza valoarea recuperabila a activului pentru a stabili marimea deprecierii (daca exista). Acolo unde nu este posibila estimarea valorii recuperabile a unui activ individual, Grupul estimeaza valoarea recuperabila a unitatii generatoare de numerar careia ii apartine activul. Acolo unde poate fi identificata o baza rezonabila si consistenta de alocare, activele corporative sunt, de asemenea, alocate unitatilor individuale care genereaza numerar, sau, daca nu, acestea sun alocate celui mai mic grup de unitati generatoare de numerar pentru care poate fi identificata o baza rezonabila si consistenta de alocare.

Imobilizarile necorporale cu durate de viata utila nedefinite si imobilizarile necorporale care nu sunt inca disponibile pentru utilizare sunt testate cel putin anual pentru depreciere si ori de cate ori exista un indiciu ca activul ar putea fi depreciat.

Valoarea recuperabila reprezinta cea mai mare valoare dintre valoarea justa minus costurile generate de vanzare si valoarea sa de utilizare. La determinarea valorii de utilizare, fluxurile de numerar viitoare estimate sunt actualizate la valoarea lor curenta folosind o rata de actualizare determinata inaintea impozitarii care reflecta evaluarile de piata curente a valorii-timp a banilor si riscurile specifice activului pentru care estimarile aferente fluxurilor de numerar viitoare nu au fost ajustate.
Daca valoarea recuperabila a unui activ (sau unitati generatoare de numerar) este estimata a fi mai mica decat valoarea sa contabila, valoarea contabila a activului (sau a unitatii generatoare de numerar) este redusa la valoarea sa recuperabila. Deprecierea este recunoscuta imediat in profit sau pierdere.
Acolo unde deprecierea se reverseaza, valoarea contabila a activului (sau a unitatii generatoare de numerar) este majorata la estimarea revizuita a valorii sale recuperabile, dar astfel incat valoare contabila crescuta sa nu depaseasca valoarea contabila care ar fi fost stabilita daca nu ar fi fost recunoscuta deprecierea pentru activ (unitatea generatoare de numerar) in anii precedenti. O reversare a unei deprecieri este recunoscuta in profit sau pierdere.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Stocuri

Stocurile sunt evaluate la valoarea cea mai mica dintre cost si valoarea realizabila neta.

Cheltuielile aferente cu transportul fiecarui produs in locatia actuala si cele aferente aducerii acestuia in stare de functionare sunt contabilizate astfel:
- Materii prime: cheltuieli de achizitie pe baza principiului primul intrat, primul iesit;
- Produse finite si productia in curs: costul materialelor directe si a orelor lucrate, precum si o parte a cheltuielilor generale de productie alocate pe baza unei capacitati normale de functionare, cu exceptia costurilor indatorarii, determinate pe baza costului mediu ponderat.

Valoarea realizabila neta reprezinta pretul de vanzare estimat pe parcursul desfasurarii normale a activitatii, minus costurile estimate pentru finalizare si costurile estimate necesare efectuarii vanzarii.
Pierderile prin depreciere sunt de asemenea înregistrate pentru stocurile cu mișcare lentă, deteriorate și învechite.

Provizioane

Provizioanele sunt recunoscute atunci cand Grupul are o obligatie actuala (legala sau implicita) ca rezultat al unui eveniment trecut; este probabil ca Grupului sa i se ceara sa deconteze obligatia, si se poate face o estimare credibila a valorii obligatiei.

Valoarea recunoscuta ca provizion este cea mai buna estimare a contravalorii necesara pentru decontarea obligatiei actuale la finalul perioadei de raportare, luand in considerare riscurile si incertitudinile specifice obligatiei. Atunci cand un provizion este masurat folosind fluxurile de numerar estimate pentru a deconta obligatia actuala, valoarea contabila a acestuia este valoarea actuala a acelor fluxuri de numerar (unde efectul valorii-timp a banilor este semnificativ).
Atunci cand se asteapta ca unele sau toate beneficiile economice necesare pentru a deconta un provizion sa fie recuperate de la terti, creanta este recunoscuta ca activ daca este aproape sigur ca rambursarea va fi primita si ca valoarea creantei poate fi evaluata in mod credibil.

Contracte cu titlu oneros

Obligatiile actuale generate conform contractelor oneroase sunt recunoscute si masurate ca provizioane. Se considera ca un contract oneros exista acolo unde Grupul are un contract conform caruia costurile inevitabile pentru indeplinirea obligatiilor contractuale depasesc beneficiile economice estimate a fi generate de contract.

Obligatiile de dezafectare

Costurile pentru dezafectare includ demontarea si demolarea de infrastructuri precum si eliminarea materialelor reziduale si refacerea zonelor afectate. Costurile pentru dezafectare sunt prezentate la valoarea prezenta a costurilor preconizate pentru indeplinirea obligatiei folosind fluxurile de numerar estimate si sunt recunoscute ca parte din costul activului respectiv. Fluxurile de numerar sunt decontate la o rata curenta dinainte de impozitare care reflecta riscul specific obligatiilor pentru dezafectare. Discountul este inregistrat ca si cheltuiala pe masura ce apare si recunoscut in contul de profit sau pierdere ca si cost de finantare. Costurile viitoare estimate pentru dezafectare sunt revizuite anual si ajustate dupa cum este cazul. Modificarile in costurile viitoare estimate sunt adaugate la sau scazute din costul respectivului activ.

Provizioane pentru reabilitare

Grupul recunoaște un provizion de reabilitare în cazul în care acesta are o obligație legală și constructiva ca urmare a unor evenimente trecute, și este probabil ca o ieșire de resurse va fi necesara pentru stingerea obligației, și poate fi făcuta o estimare fiabilă a valorii obligației. Natura acestor activități de reabilitare include demontarea și eliminarea structurilor; reabilitarea minelor și a iazurilor de decantare; dezmembrarea instalațiilor de operare; închiderea platformelor și a haldelor de deșeuri; și restaurarea, recuperarea și reimpadurirea zonelor afectate.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Provizioane pentru reabilitare (continuare)

Obligația, în general, apare atunci când activul este instalat sau solul/mediul sunt deranjate la locația exploatării miniere. În cazul în care datoria este recunoscută inițial, valoarea actuală a costurilor estimate se capitalizează prin creșterea valorii contabile a activelor miniere aferente, în măsura în care obligatia a luat naștere ca urmare a dezvoltării/construcției minei. Orice obligații de reabilitare care apar prin activitatea de productie sunt recunoscute atunci când productia este recunoscută în costul bunurilor vândute. Modificări ale costurilor de reabilitare sunt recunoscute ca si cresteri ale activelor corespunzătoare și datoriei pentru reabilitare atunci când acestea apar. Costurile legate de restaurarea daunelor site-ului (ulterior inceperii producției comerciale), care sunt create în mod continuu în timpul producției sunt inregistrate la valoarea lor actuală netă și recunoscute în profit sau pierdere ca si cheltuieli curente.

Instrumente financiare

Un instrument financiar este un contract care genereaza un activ financiar pentru o societate si o datorie financiara sau un instrument de capitaluri proprii pentru o alta societate.

Activele financiare si datoriile financiare sunt recunoscute atunci cand Grupul devine parte in prevederile contractuale ale instrumentului.

Activele financiare si datoriile financiare se masoara initial la valoarea justa. Costurile tranzactiei care sunt direct atribuibile achizitiei sau emiterii de active financiare si datorii financiare (altele decat active financiare si datorii financiare la valoarea justa prin profit sau pierdere) sunt adaugate la sau deduse din valoarea justa a activelor financiare sau a datoriilor financiare, dupa caz, la recunoasterea initiala. Costurile tranzactiei direct atribuibile la achizitia activelor financiare sau a datoriilor financiare la valoare justa prin profit sau pierdere sunt recunoscute imediat in profitul sau pierderea consolidata.

Metoda dobanzii efective

Metoda dobanzii efective este o metoda de calculare a costului amortizat al unui activ financiar si de alocare a venitului din dobanzi pe perioada relevanta. Rata dobanzii efective este rata care actualizeaza exact incasarile viitoare de numerar estimate pe durata prevazuta a instrumentului financiar, (inclusiv toate comisioanele platite sau primite care formeaza parte integranta din rata dobanzii efective, costurilor de tranzactie si altor prime sau discounturi), sau (unde este cazul) pe o perioada mai scurta, pana la valoarea contabila neta a activului financiar la data recunoasterii initiale.

Venitul este recunoscut pe baza dobanzii efective pentru instrumentele financiare altele decat acele active clasificate ca si active financiare la valoarea justa prin contul de profit si pierdere.

Active financiare

Pentru scopurile evaluarii ulterioare activele financiare sunt clasificate in urmatoarele categorii: costul amortizat, valoarea justa prin alte elemente ale rezultatului global (OCI) si valoarea justa prin profit sau pierdere (FVTPL).

- *Instrumente de* datorie la costul amortizat pentru activele financiare care sunt pastrate in cadrul unui model de business cu obiectivul de a pastra activele financiare pentru a colecta fluxurile de trezorerie contractuale ce indeplinesc criteriul de numai plati de capital și dobanzi (SPPI). Aceasta categorie include Creantele comerciale si alte creante precum si Imprumuturile acordate pe termen lung.
Activele financiare la costul amortizat sunt evaluate ulterior utilizand metoda dobanzii efective (EIR) si sunt subiectul analizei de depreciere. Castigurile si pierderile sunt recunoscute în profit sau pierdere atunci, cand activul este derecunoscut, modificat sau depreciat.

- Activele financiare la valoarea justa prin profit sau pierdere (FVTPL) cuprind activele financiare detinute pentru tranzactionare, activele financiare desemnate la recunoasterea initiala la valoarea justa prin contul de profit si pierdere sau activele financiare obligatoriu impuse a fi evaluate la valoarea justa. Activele financiare sunt clasificate ca fiind detinute pentru tranzactionare daca sunt achizitionate in scopul vanzarii sau rascumpararii pe termen scurt. Instrumentele financiare derivate, inclusiv derivatele incorporate separate, sunt, de asemenea, clasificate ca fiind detinute pentru tranzactionare, cu exceptia cazului in care sunt desemnate ca instrumente de acoperire eficiente.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Activele financiare cu fluxuri de trezorerie care nu sunt doar plati de capital si dobanzi sunt clasificate si evaluate la valoarea justa prin profit sau pierdere, indiferent de modelul de business. Indiferent de criteriile de clasificare a instrumentelor de datorie la costul amortizat sau la valoarea justa prin OCI, astfel cum este descris mai sus, instrumentele de datorie pot fi desemnate la valoarea justa prin contul de profit si pierdere la recunoasterea initiala, daca aceasta elimina sau reduce semnificativ o neconcordanta contabila. Aceasta categorie include optiuni asiatice de tip 100% collar.

Activele financiare la valoarea justa prin profit sau pierdere sunt inregistrate in situatia pozitiei financiare la valoarea justa cu modificarile nete ale valorii juste recunoscute in contul de profit sau pierdere.

Investitii in filiale

In situatiile financiare individuale investitiile in filiale sunt prezentate la cost istoric minus ajustari pentru depreciere.

Dividendele aferente instrumentelor de capitaluri proprii sunt recunoscute in profit sau pierdere atunci cand se stabileste dreptul Grupului de a primi dividendele respective.

Numerar si echivalente de numerar

Numerarul si echivalentele de numrar din situatia pozitiei financiare si din situatia fluxurilor de trezorerie cuprind numerarul la banci si in casierie, precum si depozitele la termen constituite pe o perioada de cel mult 3 luni.

Deprecierea activelor financiare

Grupul recunoaste un provizion pentru pierderile preconizate din creditare (ECL) pentru toate imprumuturile si alte active financiare atasate datoriilor care nu sunt detinute la valoare justa prin profit sau pierdere. ECL se bazeaza pe diferenta dintre fluxurile de trezorerie contractuale datorate in conformitate cu contractul si toate fluxurile de numerar pe care Grupul se asteapta sa le primeasca, actualizate cu o aproximare a ratei dobanzii efective initiale a activului. Fluxurile de numerar preconizate vor include fluxurile de trezorerie provenite din vanzarea de garantii detinute sau alte imbunatatiri de credit care fac parte integranta din clauzele contractuale.

Pierderile preconizate sunt recunoscute in doua etape. Pentru expunerile de credit pentru care nu a existat o crestere semnificativa a riscului de credit de la recunoasterea initiala, pierderi preconizate sunt recunoscute pentru pierderile din credite care rezulta din evenimentele de neplata posibile in urmatoarele 12 luni (ECL pe 12 luni). Pentru acele expuneri de credit pentru care a existat o crestere semnificativa a riscului de credit de la recunoasterea initiala, este necesar un provizion pentru pierderile de credit preconizate pe parcursul duratei ramase a expunerii, indiferent de momentul de neplata (pierderile din creditare preconizate pe toata durata de viata).

Pentru creantele comerciale si activele contractuale, Grupul aplica o abordare simplificata in calcularea pierderilor preconizate (ECL). Prin urmare, Grupul nu urmareste modificarile riscului de credit, ci recunosc, in schimb, un provizion pe baza datelor pierderilor preconizte pe intreaga durata a vietii la fiecare data de raportare. Grupul a stabilit o matrice de stabilire a provizioanelor care se bazeaza pe experienta pierderilor din creditare istorice, ajustata pentru factorii prospectivi specifici debitorilor si mediului economic.

Derecunoasterea activelor financiare

Grupul derecunoaste un activ financiar numai atunci cand drepturile contractuale privind fluxurile de numerar din active expira sau cand transfera activul financiar si, in mod substantial, toate riscurile si beneficiile aferente titlului de proprietate a activului catre alta entitate. Daca Grupul nici nu transfera nici nu retine in mod substantial toate riscurile si beneficiile aferente titlului de proprietate si continua sa controleze activul transferat, se recunoaste dreptul pastrat in activul respectiv si o datorie pentru eventuale sume de plata.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Active financiare (continuare)

Derecunoasterea activelor financiare (continuare)

Daca Grupul nu pastreaza in mod substantial riscurile si beneficiile aferente titlului de proprietate ale unui activ financiar transferat, atunci Grupul continua sa recunoasca activul financiar si, de asemenea, recunoaste un imprumut garantat pentru incasarile primite.

La derecunoasterea totala a unui activ financiar, diferenta dintre valoarea contabila a activului si suma contravalorii primite si/sau de primit si a castigului sau pierderii cumulate care a fost recunoscuta in alte elemente ale rezultatului global se recunoaste in profit sau pierdere.

Datorii financiare si instrumente de capitaluri

Datoriile financiare sunt clasificate la recunoasterea initiala ca datorii financiare prin contul de profit sau pierdere, datorii financiare, datorii comerciale, imprumuturi sau ca instrumente financiare derivate desemnate intr-o relatie de acoperire eficienta, dupa caz.

Clasificare ca datorie sau capital

Instrumentele de datorie sau capitaluri emise de catre Grup sunt clasificate fie ca datorii financiare sau capitaluri proprii in conformitate cu angajamentele contractuale si definitia datoriei financiare si a instrumentului de capital.

Instrumente de capital

Un instrument de capital este orice contract care dovedeste o participatie reziduala in activele unei entitati dupa deducerea tuturor datoriilor sale. Instrumentele de capital emise de Grup sunt recunoscute in incasarile primite, net de costurile directe de emisiune.

Rascumpararea instrumentelor de capital proprii ale Grupului este recunoscuta si dedusa direct din capitauri proprii. Nici un castig sau nicio pierdere nu este recunoscuta in profit sau pierdere la achizitia, vanzarea, emisiunea sau anularea instrumentelor de capitaluri proprii ale Grupului.

Datorii financiare

Datoriile financiare sunt clasificate fie ca "datorii financiare evaluate la valoarea justa prin profit sau pierdere" sau ca "alte datorii financiare".

Datorii financiare la valoarea justa prin profit sau pierdere

Datoriile financiare sunt clasificate la valoarea justa prin profit sau pierdere cand datoria financiara este fie detinuta in vederea tranzactionarii, fie desemnata la valoarea justa prin profit sau pierdere.

O datorie financiara este clasificata ca detinuta in vederea tranzactionarii daca:
- a fost achizitionata, in principal, in scopul rascumpararii in viitorul apropiat; sau
- la recunoasterea initiala face parte dintr-un portofoliu de instrumente financiare identificate pe care Grupul le administreaza impreuna si are un istoric de marcare pe termen scurt a profiturilor; sau
- este un instrument derivat care nu este desemnat ca instrument de acoperire sau care nu este eficient.

O datorie financiara, alta decat datoria financiara detinuta pentru tranzactionare, poate fi desemnata ca fiind la valoarea justa prin profit sau pierdere, la recunoasterea initiala daca:
- aceasta desemnare elimina sau reduce semnificativ o inconsecventa de evaluare sau de recunoastere care ar aparea altfel; sau
- datoria financiara face parte dintr-un grup de active financiare sau datorii financiare sau ambele, a caror performanta este gestionata si evaluata pe baza valorii juste, in conformitate cu managementul riscului documentat sau strategia de investitii, precum si daca gruparea este furnizata intern pe acea baza; sau

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Datorii financiare la valoarea justa prin profit sau pierdere (continuare)

- face parte dintr-un contract care contine unul sau mai multe instrumente derivate incorporate si IAS 39 Instrumente financiare: recunoastere si evaluare permite ca intregul contract combinat (activ sau datorie) sa fie desemnat ca fiind la valoare justa prin contul de profit sau pierdere.

Datoriile financiare la valoare justa prin profit sau pierdere sunt evaluate la valoare justa, cu orice castig sau pierdere care rezulta din reevaluare recunoscut in profit sau pierdere. Castigul sau pierderea neta recunoscute in profit sau pierdere includ orice dobanda platita in legatura cu datoria financiara si sunt incluse in „Castiguri / (pierderi) nete din instrumente financiare derivate" si ''Alte castiguri/(pierderi) financiare (nete)'' in profit sau pierdere. Valoarea justa este stabilita in modul prezentat in Nota 30.

Alte datorii financiare

Alte datorii financiare (inclusiv imprumuturi) sunt evaluate ulterior la cost amortizat, folosind metoda dobanzii efective.

Metoda dobanzii efective este o metoda de calcul a costului amortizat a unei datorii financiare si de alocare a cheltuielilor cu dobanzile din perioada relevanta. Rata dobanzii efective este rata care actualizeaza exact platile viitoare de numerar estimate pe durata de viata preconizata a datoriei financiare (inclusiv toate onorariile platite sau primite care fac parte integranta din rata efectiva a dobanzii, costurile de tranzactie si alte prime sau disconturi) sau (acolo unde e cazul) pe o perioada mai scurta, la valoarea contabila neta de la recunoasterea initiala.

Contracte de garantie financiara

Un contract de garantie financiara este un contract care solicita emitentului sa efectueze anumite plati pentru a compensa detinatorul pentru o pierdere pe care o are de suferit in situatia in care un debitor specificat nu face platile la termen in conformitate cu conditiile unui instrument de datorie.
Contractele de garantie financiara emise de Grup sunt evaluate initial la valoarea justa a acestora si, daca nu sunt desemnate ca fiind la valoare justa prin profit sau pierdere, sunt evaluate ulterior la nivelul maxim al:
- sumei obligatiei contractuale, stabilita in conformitate cu IAS 37 Provizioane, datorii contingente si active contingente; si
- sumei recunoscute initial, minus, acolo unde este cazul, amortizarea cumulata recunoscuta in conformitate cu politicile de recunoastere a veniturilor.

Derecunoasterea datoriilor financiare

Grupul derecunoaste datoriile financiare atunci si numai atunci cand obligatiile Grupului sunt achitate, anulate sau expira. Diferenta dintre valoarea contabila a datoriei financiare derecunoscute si contravaloarea platita si platibila este recunoscuta in profit sau pierdere.

Prezentarea netuita a instrumentelor financiare

Activele si datoriile financiare sunt prezentate net in situatia pozitiei financiare daca exista un drept legal care sa permita decontarea neta si daca exista intentia in acest sens, respectiv de a realiza activele si a deconta datoriile in acelasi timp.

Partile afiliate

Contrapartidele sunt considerate afiliate in momentul in care alta parte, fie prin drept de proprietate, drepturi contractuale, relatii familiale sau prin alte mijloace, poate controla direct sau influenta semnificativ cealalta parte.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Subventii

Subventiile sunt recunoscute atunci cand exista suficiente dovezi ca Grupul va indeplini conditiile referitoare la acestea si ca subventiile vor fi primite. Acestea sunt recunoscute in situatia de profit sau pierdere pe perioada necesara pentru a le corela cu costurile pe care subventiile le compenseaza si sunt prezentate in categoria "alte venituri operationale". Subventiile care se primesc ca si compensatie pentru cheltuieli sau pierderi deja inregistrate sau pentru a acorda suport nemijlocit Grupului, fara costuri ulterioare aferente, se recunosc in contul de profit sau pierdere in perioada in care trebuie primite.

Subventiile pentru achizitia de mijloace fixe sunt incluse in active pe termen lung ca venituri in avans si se crediteaza in contul de profit si pierdere liniar pe durata de viata preconizata a respectivelor active.

Certificatele de emisii de gaze cu efect de sera

Grupul recunoaste deficitul de certificate de emisii gaze cu efect de sera in situatiile financiare consolidate pe baza metodei datoriilor nete. Conform acestei metode, sunt recunoscute doar acele datorii care se asteapta sa rezulte din depasirea cotelor de certificate alocate.

Grupul estimeaza volumele anuale de emisii la finalul fiecarei perioade de raportare si recunoaste totalul datoriilor suplimentare estimate pentru excesul prognozat de volume de emisii de gaze cu efect de sera la justa valoare a unitatilor suplimentare care urmeaza sa fie achizitionate sau sanctiunile care urmeaza sa fie suportate conform legislatiei nationale. Datoria suplimentara neta este recunoscuta in profit sau pierdere pe baza metodei unitatii de productie.

In cazul in care Grupul estimeaza ca va folosi mai putin din cotele alocate de certificate de emisii de gaze cu efect de sera alocate, orice potential venit din vanzarea certificatelor neutilizate este recunoscut doar in momentul vanzarii efective a acestora.

Avand in vedere faptul ca volumele de emisii la nivelul Grupului nu depasesc cotele de certificate alocate, nu a fost recunoscuta nicio obligatie in anul 2018.

Raportarea pe segmente

Un segment este o componenta a Grupului care se implica in segmente de activitate din care poate obtine venituri sau poate inregistra cheltuieli (inclusiv venituri si cheltuieli corespunzatoare tranzactiilor cu alte componente ale aceleiasi entitati), ale carei rezultate operationale sunt trecute in revista in mod regulat de catre principalul factor decizional al Grupului pentru a lua decizii referitoare la resursele ce urmeaza sa fie alocate segmentului si a evalua performantele acestuia si pentru care sunt disponibile informatii financiare distinctive. Informatiile despre segment sunt prezentate cu privire la segmentele de activitate ale Grupului si sunt stabilite pe baza structurii de management si raportare interna a Grupului.

Rezultatele pe segment, activele si datoriile includ elemente ce pot fi atribuite direct unui segment, precum si celor care pot fi alocate pe o baza rezonabila. Elementele nealocate constau in principal in investitii (altele decat investitiile imobiliare) si veniturile aferente, credite si imprumuturi si cheltuielile aferente, active corporative (in principal sediul Grupului), cheltuieli administrative, precum si in creante si datorii privind impozitul.
Cheltuielile de capital pe segment reprezinta totalul costurilor inregistrate pe parcursul perioadei pentru achizitia imobilizarilor corporale si a activelor intangibile, altele decat fondul comercial.

Dividende

Dividendele sunt inregistrate ca datorii in situatiile financiare ale Societății in perioada in care acestea sunt aprobate de catre actionarii Societății si se reflecta corespunzator prin scaderea capitalurilor proprii.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Judecati contabile critice, estimari si ipoteze

Pregatirea situatiilor financiare necesita efectuarea de catre management a unor judecati contabile, estimari si ipoteze, care afecteaza valorile raportate pentru veniturile din vanzari, cheltuieli, active si datorii, notele explicative aferente, precum si pentru prezentarea datoriilor contingente. Gradul de incertitudine aferent acestor ipoteze si estimari poate genera rezultate ce necesita ajustarea semnificativa a valorilor contabile ale activelor sau datoriilor.

Ipotezele cheie care ar putea genera un anumit grad de incertitudine la data raportarii, care prezinta un risc semnificativ de a determina ajustari materiale pentru valorile contabile ale activelor si datoriilor aferente anului urmator, sunt descrise mai jos. Grupul a fundamentat impotezele si estimarile pe informatiile disponibile atunci cand situatiile financiare au fost pregatite. Circumstantele si ipotezele existente cu privire la dezvoltarile viitoare s-ar putea schimba datorita modificarilor in piata sau circumstantelor care sunt in afara controlului Grupului. Astfel de schimbari sunt reflectate in ipoteze atunci cand acestea apar.

Ajustari pentru deprecierea activelor imobilizate corporale si necorporale

Deprecierea unui activ are loc atunci cand valoarea neta contabila a respectivului activ sau a unitatii generatoare de numerar depaseste valoarea lor recuperabila, care este maximul dintre valoarea de piata minus costurile de vanzare si valoarea in uz. Calculul valorii de piata minus costurile de vanzare se bazeaza pe date disponibile in piata din tranzactii de vanzari angajante, derulate in conditii normale de piata, pentru active similare sau pe preturi de piata identificabile mai putin costurile de cedare a activului.

Calculul valorii in uz se bazeaza pe un model de fluxuri de numerar actualizate. Fluxurile de numerar sunt extrase din bugete intocmite de Grup si nu includ activitati de restructurare la care Grupul nu s-a angajat inca sau investitii viitoare semnificative care vor imbunatati performanta activului sau a unitatii generatoare de numerar care face obiectul testului de depreciere. Valoarea recuperabila este senzitiva la rata de discount folosita in modelul fluxurilor de numerar actualizate, precum si la intrarile de numerar viitoare estimate si la rata de crestere folosita pentru extrapolari. Principalele estimari utilizate pentru a se determina valoarea recuperabila a imobilizarilor corporale si necorporale sunt prezentate in Nota 6.

Taxe

Interpretarea reglementarilor fiscale complexe, modificarile in legislatia fiscala, precum si suma si momentul exigibilitatii veniturilor impozabile viitoare presupun o serie de incertitudini. Grupul deruleaza tranzactii cu diversi parteneri din mediul international, care sunt in multe cazuri pe termen lung si de complexitate, astfel ca rezultatele efective ar putea diferi fata de ipotezele avute in vedere, sau fata de viitoare modificari ale unor astfel de ipoteze, ceea ce ar putea necesita viitoare ajustari ale cheltuielilor sau veniturilor din taxe inregistrate deja. Grupul inregistreaza provizioane, daca este cazul, pentru viitoare consecinte posibile ale unor inspectii fiscale. Valorile acestor provizioane se bazeaza pe diversi factori, cum ar fi experienta unor inspectii fiscale anterioare, sau interpretari diferite ale reglementarilor de catre Grup, in raport cu interpretarile autoritatilor fiscale. Astfel de diferente de interpretare pot aparea pentru o serie de probleme, in functie de circumstantele aplicabile.

Creantele din impozit pe profit amanat se recunosc pentru pierderi fiscale nefolosite, in masura in care este probabil ca vor exista profituri taxabile pentru care aceste pierderi fiscale vor putea fi folosite. Este necesar ca managementul sa isi exercite judecata profesionala pentru a determina valoarea creantei din impozitul pe profit amanat care poate fi recunoscuta, pe baza momentului estimat si a nivelului viitoarelor profituri impozabile, concomitent cu strategiile viitoare de planificare fiscala. Informatii detaliate sunt prezentate in Nota 7.

Planuri de beneficii

Costul planului de beneficii determinate si valoarea prezenta a provizionului pentru beneficii determinate sunt calculate folosind evaluari efectuate de catre un actuar specializat. O evaluare actuariala presupune unele ipoteze care pot diferi de evolutiile reale in viitor. Acestea includ determinarea unei rate de discount, cresteri salariale viitoare sau longevitatea. Datorita complexitatilor pe care o evaluare actuariala le presupune si natura pe termen lung a acesteia, provizionul pentru beneficii determinate este senzitiv la modificari ale acestor ipoteze. Toate ipotezele sunt revizuite la fiecare data de raportare. Informatii detaliate sunt prezentate in Nota 15.

3 POLITICI CONTABILE SEMNIFICATIVE (continuare)

Judecati contabile critice, estimari si ipoteze (continuare)

Cheltuieli de dezvoltare

Costurile de dezvoltare sunt capitalizate in conformitate cu politicile contabile. Capitalizarea initiala a costurilor se bazeaza pe estimarea ca fezabilitatea tehnologica si economica este confirmata, de obicei atunci cand un proiect de dezvoltare a ajuns intr-un anumit stadiu in cadrul unui model de management al proiectului determinat. Atunci cand se determina sumele ce vor fi capitalizate, Conducerea face estimari privind fluxurile de numerar viitoare care ar putea fi generate de proiect, rate de discount si perioada estimata de obtinere a beneficiilor.

Provizioane pentru reabilitare

Grupul a recunoscut provizioane privind reabilitatea unor amplasamente unde depoziteaza deseuri din productie. Pentru determinarea valorii provizioanelor, s-au facut estimari si s-au luat in considerare ipoteze privind rata de discount, rata de inflatie, costurile cu reabilitarea si momentul cand vor trebui suportate.

Informatii detaliate sunt prezentate in Nota 16.

4 IMOBILIZĂRI CORPORALE

Cost	Terenuri	Clădiri și construcții speciale	Utilaje și masini	Echipamente și vehicule	Imobilizări în curs	Avansuri pentru imobilizări	Total
La 1 Ianuarie 2017	**20.057**	**211.746**	**398.356**	**89.737**	**19.311**	**-**	**739.208**
Intrări	-	-	28	238	62.226	-	66.922
Transferuri *	-	10.739	8.805	28.149	(47.693)	4.430	-
Ieșiri și radieri	-	(2.869)	(3.388)	(5.982)	-	-	(12.239)
Ajustare de conversie	-	(3.084)	(3.712)	(7.054)	(1.041)	(67)	(14.958)
La 31 Decembrie 2017	**20.057**	**216.532**	**400.089**	**105.089**	**32.803**	**4.363**	**778.933**
Intrări	-	230	-	422	76.996	5.794	83.442
Transferuri	-	10.425	13.238	16.826	(40.489)	-	-
Ieșiri și casări	-	(55)	(849)	(5.642)	-	-	(6.546)
Ajustare de conversie	-	1.770	1.797	3.994	575	257	8.395
La 31 Decembrie 2018	**20.057**	**228.903**	**414.275**	**120.689**	**69.885**	**10.414**	**864.223**

4 IMOBILIZĂRI CORPORALE (continuare)

Amortizare cumulată și depreciere

Amortizare cumulată	Terenuri	Clădiri și construcții speciale	Utilaje și masini	Echipamente și vehicule	Imobilizări în curs	Avansuri pentru imobilizări	Total
La 1 Ianuarie 2017	**-**	**139.441**	**352.920**	**51.381**	**-**	**-**	**543.743**
Cheltuieli cu amortizarea	-	15.130	15.500	9.016	-	-	39.645
Eliminată la ieșirea și radierea activelor	-	(5)	(3.386)	(4.189)	-	-	(7.579)
Transfer între categorii	-	-	-	-	-	-	-
Ajustări de conversie	-	(1.595)	(3.135)	(3.651)	-	-	(8.382)
La 31 Decembrie 2017	**-**	**152.971**	**361.898**	**52.557**	**-**	**-**	**567.427**
Cheltuieli cu amortizarea	-	11.647	14.215	10.596	-	-	36.458
Eliminată la ieșirea și casarea activelor	-	(55)	(804)	(5.015)	-	-	(5.874)
Transfer între categorii	-	-	-	-	-	-	-
Ajustări de conversie	-	1.094	1.681	1.926	-	-	4.702
La 31 Decembrie 2018	**-**	**165.657**	**376.991**	**60.064**	**-**	**-**	**602.714**

4 IMOBILIZĂRI CORPORALE (continuare)

Amortizare cumulată și depreciere (continuare)

Provizion pentru depreciere	Terenuri	Clădiri și construcții speciale	Utilaje și mașini	Echipmente și vehicule	Imobilizări În curs	Avansuri pentru imobilizări	Total
La 1 Ianuarie 2017	**-**	**120**	**124**	**926**	**1.792**	-	**2.962**
Pierderi prin depreciere recunoscute în contul de profit și pierdere	-	-	-	-	-	-	-
Stornări de pierderi prin depreciere recunoscute în contul de profit și pierdere	-	(4)	-	-	-	-	(4)
La 31 Decembrie 2017	**-**	**116**	**124**	**926**	**1.792**	**-**	**2.959**
Pierderi prin depreciere recunoscute în contul de profit și pierdere	-	-	-	-	-	-	-
Stornări de pierderi prin depreciere recunoscute în contul de profit și pierdere	-	21	-	-	-	-	21
Casări	-	-	(27)	-	-	-	(27)
La 31 Decembrie 2018	**-**	**137**	**97**	**926**	**1.792**	**-**	**2.953**
Valoare contabila netă							
La 31 Decembrie 2017	**20.057**	**63.445**	**38.066**	**51.606**	**31.011**	**4.363**	**208.548**
La 31 Decembrie 2018	**20.057**	**63.108**	**37.186**	**56.698**	**68.093**	**10.414**	**258.557**

Alum S.A. a înregistrat provizion pentru cheltuielile viitoare pentru reabilitarea haldei de șlam. Variatia provizionului in an a crescut valoarea mijlocului fix la 31 Decembrie 2018, pentru anul 2018, cu valoarea de 230 mii RON (2017: (2.864) mii RON) (vezi Nota 16). Provizionul pentru reabilitare reprezintă valoarea prezentă a costurilor estimate a apărea în 2023 când halda de șlam va trebui fie închisă fie extinsă.
SMHL a înregistrat un provizion pe baza unei evaluări tehnice pentru restaurarea și reabilitarea zonelor afectate de activitatea de minerit pentru costurile aferente necesare a fi efectuate. Evaluarea a fost efectuată de către un expert evaluator extern, provizionul a fost înregistrat în 2014 și a fost majorat în 2018 cu 528 mii RON (2017: 519 mii RON) (Nota 16).

4 IMOBILIZĂRI CORPORALE (continuare)

În 2017 nu au fost capitalizate costuri de îndatorare.

In 2018, in valoarea contabila a imobilizarilor corporale ale Alum S.A. este inclusa suma de 902 mii RON reprezentand costul indatorarii capitalizat in conformitate cu IAS 23 Costurile indatorarii, revizuit. Costul indatorarii capitalizat consta in dobanzi si alte costuri tranzactionale pe care Societatea le suporta in legatura cu imprumuturile contractate. In anul 2018 cheltuiala cu dobanda capitalizata in valoarea imobilizarilor corporale la nivel de Companie de 799 mii RON, la o rata de dobanda medie de 5,87% pe an.

La 31 decembrie 2018, imobilizările corporale ale Grupului gajate pentru a garanta împrumuturile contractate au o valoare contabilă de 118.660 mii RON (2017: 15.746 mii RON) (Nota 14).

La 31 decembrie 2018 valoarea de inventar a mijloacelor fixe complet amortizate este de 201.581 mii RON (2017: 226.703 mii RON).

În categoria imobilizărilor în curs sunt incluse, în principal, sume aferente echipamentelor din cadrul proiectului derulat cu fonduri europene pentru care punerea în funcțiune se va face în 2019.

Analiza privind deprecierea imobilizărilor corporale

Nu au fost identificate indicii de depreciere și, ca urmare, nu a fost efectuată o analiză privind deprecierea imobilizărilor corporale la 31 decembrie 2018 si 31 decembrie 2017.

5 IMOBILIZĂRI NECORPORALE

Cost	Cheltuieli de dezvoltare	Alte imobilizări necorporale	Avansuri pentru imobilizări necorporale	Total
La 1 Ianuarie 2017	**4.367**	**16.343**	**-**	**20.711**
Achiziții de filiale	-	-	-	-
Intrări	-	979	-	979
Transferuri	-	-	-	-
Ieșiri	-	-	-	-
Ajustări de conversie	-	(1.572)	-	(1.572)
La 31 Decembrie 2017	**4.367**	**15.751**	**-**	**20.118**
Intrări	-	24	-	24
Transferuri	-	-	-	-
Ieșiri	-	-	-	-
Ajustări de conversie	-	721	-	721
La 31 Decembrie 2018	**4.367**	**16.496**	**-**	**20.863**

Amortizare cumulată	Cheltuieli de dezvoltare	Alte imobilizări necorporale	Avansuri pentru imobilizări necorporale	Total
La 1 Ianuarie 2017	**4.367**	**15.966**	**-**	**20.333**
Cheltuiala cu amortizarea	-	619	-	619
Eliminată la ieșirea activelor	-	-	-	-
Ajustări de conversie	-	(1.526)	-	(1.526)
La 31 Decembrie 2017	**4.367**	**15.060**	**-**	**19.427**
Cheltuiala cu amortizarea	-	267	-	267
Eliminată la ieșirea activelor	-	-	-	-
Ajustări de conversie	-	698	-	698
La 31 Decembrie 2018	**4.367**	**16.025**	**-**	**20.393**
Valoare contabilă netă La 31 Decembrie 2017	**-**	**691**	**-**	**691**
Valoare contabilă netă La 31 Decembrie 2018	**-**	**471**	**-**	**471**

Alte imobilizări necorporale se referă la programe informatice, licențe și active de explorare.

6 FOND COMERCIAL

COST	2018	2017
Sold la începutul anului		
Fond comercial la achiziția Global Aluminium Ltd. de către Vimetco N.V. (fostul părinte)	97.906	108.266
Intrări	-	-
Ajustări de conversie	4.581	(10.360)
Sold la sfârșitul anului	**102.487**	**97.906**

PIERDERI PRIN DEPRECIERE ACUMULATE	31 Decembrie 2018	31 Decembrie 2017
Sold la începutul anului		
Deprecierea fondului comercial la achiziția Global Aluminium Ltd. de către Vimetco N.V. (fostul părinte)	(26.256)	(29.034)
Intrări	-	-
Ajustări de conversie	(1.229)	2.778
Sold la sfârșitul anului	**(27.485)**	**(26.256)**
VALOAREA CONTABILĂ		
Sold la sfârșitul anului	**75.003**	**71.650**

Valoarea recuperabilă a unităților generatoare de numerar cu operațiuni principale în Sierra Leone (Global Aluminium Ltd.) a fost determinată pe baza calculului unei valori juste mai puțin costurile de vânzare, în care s-au utilizat fluxuri de numerar viitoare actualizate și tehnici de evaluare relaționate la piață. Previziunile financiare ale conducerii acoperă o perioadă de 5 ani (2017: 5 ani). Rata de discount după-impozitare este de 19,4% pe an, (în 2017: 17,2% până în 2018 și 19,2% ulterior). Fluxurile de numerar de după perioada de 5 ani au fost extrapolate până în anul 2035, când rezervele estimate (măsurate, indicate și presupuse) vor fi utilizate, cu o rată de creștere de 2,2% (în 2017: 2%), în concordanță cu rata inflației previzionate, mai puțin în anul terminal când se are în vedere o producție redusă la nivelul rezervelor rămase. Evaluarea valorii juste se încadrează pe nivelul 3 al ierarhiei de măsurare a valorii juste pe baza variabilelor folosite în metodologia respectivă (a se vedea nota 30).

Ipotezele principale folosite pentru unitatea generatoare de numerar Global Aluminium Ltd. sunt:

	2018	2017
Rata de discount, după-impozitare	19,4%	17,2%
Rata de creștere (media pe următorii 5 ani)	1,0%	4,1%
Marja EBITDA (media pe următorii 5 ani)	18,7%	19,9%

Rata de discount este media ponderată a costului capitalului aferent unității generatoare de numerar de 20,2% (în 2017: 18,3%), calculată pe baza unor coeficienți beta ai companiilor comparabile din industrie și un cost al datoriei după impozitare de 1,1% (în 2017: 6,0%), ponderate în baza unui grad de îndatorare a unității generatoare de numerar de 4,3% (în 2017: 9,3%).

Ratele de creștere pentru următorii 5 ani se bazează pe contractul existent cu Alum, reflectând prețul din piață pentru contracte pe termen lung, dar și pe intenția companiei de a-și dezvolta vânzările către terți.

Marja EBITDA este marja medie calculată ca procent din veniturile pe perioada previzionată de 5 ani. Aceasta se bazează pe analiza externă și pe vânzări cantitative și prețuri viitoare, dar și pe eforturile unității generatoare de numerar de a-și reduce costurile.

6 FOND COMERCIAL (continuare)

Cele mai senzitive variabile cheie folosite in testul de depreciere al unitatii generatoare de numerar Global Aluminium Ltd. sunt rata de discount si marja EBITDA. O crestere a ratei de discount pana la 33,3% si o reducere a marjei EBITDA pana la 8,76% aplicate separat, ar face ca valoarea recuperabila estimata sa fie egala cu valoarea neta contabila (2017: o reducere a ratei de crestere la 1,95% si o reducere a marjei EBITDA pana la 12,4%). Pentru celelalte ipoteze, conducerea a considerat ca nu sunt modificari posibile in mod rezonabil care ar duce la o depreciere a fondului comercial alocat unitatii generatoare de numerar Global Aluminium Ltd.

7 IMPOZITUL PE PROFIT

Impozitul pe profit recunoscut în contul de profit și pierdere consolidat:

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Impozit curent		
Cheltuiala cu impozitul curent aferentă anului	15.784	8.848
	15.784	**8.848**
Impozit amânat		
Inregistrari si reversari ale diferentelor temporare	1.952	2.896
Reversarea pierderilor fiscale recunoscute anterior	10.104	-
Inregistrarea pierderilor fiscale nerecunoscute anterior	-	(49.006)
	12.056	**(46.110)**
Total cheltuială/(credit) cu impozitul pe profit recunoscut(ă) în cursul perioadei	**27.840**	**(37.262)**

Cheltuiala cu impozitul pe profit al anului poate fi reconciliată cu profitul contabil după cum urmează:

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Rezultat înainte de impozitare	**83.211**	**49.941**
Rata de impozit medie ponderată aplicabilă pentru Grup	18,97%	17,72%
Impozitul pe profit calculat la rata medie ponderată	(15.784)	(8.848)
Efectul veniturilor neimpozabile	(770)	(545)
Efectul cheltuielilor nedeductibile	17.222	14.055
Efectul utilizării pierderilor fiscale nerecunoscute anterior	(3.281)	(4.804)
Impozit amânat aferent pierderilor fiscale nerecunoscut în anii anteriori	-	(49.006)
Pierderi fiscale pentru care nu s-a recunoscut impozit amânat	14.669	-
Diferență impozit pe profit estimat, provenind din anii precedenți	-	3.039
Impozitul pe profit (credit)/cheltuială recunoscut în contul de profit și pierdere	**27.840**	**(37.262)**

Nivelul de impozitare folosit pentru reconcilierile de mai sus este rata de impozitare plătibilă de către fiecare societate a Grupului asupra profiturilor impozitabile în conformitate cu legislația fiscală din jurisdicțiile respective (i.e., România: 16%, Sierra Leone: 30%).

7 IMPOZITUL PE PROFIT (continuare)

Mai jos este o analiză a creanțelor din impozitul amânat / (datoriilor cu impozitul amânat) prezentată în situația consolidată a poziției financiare:

	Sold inițial	Recunoscut în contul de profit și pierdere	Recunoscut în alte venituri globale	Diferențe de curs valutar	Sold final
Imobilizări corporale	(10.357)	255	-	-	(10.102)
Împrumuturi	-	-	-	-	-
Stocuri	1.012	1.257	-	-	2.269
Clienți și alte active curente	36	249			285
Provizioane	4.263	2.963	-	-	7.226
Obligațiile privind beneficiile la pensionare	1.078	202	49	-	1.329
Furnizori	-	-	-	-	-
Pierderi fiscale	58.639	(16.983)	-	1.718	43.374
Impozit amânat activ / (pasiv)	**54.671**	**(12.056)**	**49**	**1.718**	**44.382**

Expirare pierderi fiscale	**Valoare brută**	**Impozit**
Mai mici de 1 an	-	-
1 - 2 ani	32.141	7.198
2 - 5 ani	115.368	11.471
Mai mult de 5 ani	105.237	24.705
Total	**252.746**	**43.374**

Impozitul amânat din pierderea fiscală provine de la Societatea-mamă și Sierra Mineral Holdings I, Ltd., iar managementul consideră ca vor exista profituri impozabile suficiente în viitor, în raport cu care ar putea fi utilizate aceste pierderi fiscale. Pierderile pot fi reportate și utilizate pentru profiturile impozabile viitoare pe o perioadă de maximum 7 ani în România și 10 ani în Sierra Leone (pierderile utilizate nu pot depăși 50% din profitul impozabil al perioadei în Sierra Leone).

La Sierra Mineral Holdings I, Ltd., profiturile impozabile viitoare s-au bazat pe previziunile financiare estimate de conducere la 31 decembrie 2018 și acoperă o perioadă de cinci ani. Fluxurile de numerar de după perioada de 5 ani au fost extrapolate până în anul 2027, când rezervele estimate (măsurate, indicate și presupuse) se așteaptă a fi epuizate, cu o rată de creștere de 2,2%, în concordanță cu rata inflației previzionate, mai puțin în anul terminal când se are în vedere o producție redusă la nivelul rezervelor rămase. Ipotezele principale folosite pentru previziuni sunt rata medie de creștere a vânzărilor de 1,03% pe an (31 decembrie 2017: 3,16% pe an), marja medie EBITDA de 18,74% (31 decembrie 2017: 19,86%) și marja de profit înainte de impozitare de 11,75% (31 decembrie 2017: 14,85% pe an). Ca urmare a previziunilor, conducerea se așteaptă să utilizeze suma de 113.715 mii RON din totalul de 252.746 mii RON (31 decembrie 2017: 156.886 mii RON din totalul de 253.901 RON) din pierderile fiscale acumulate din anii anteriori pentru a compensa profiturile impozabile viitoare până la sfârșitul perioadei respective de report. Previziunile sunt cele mai sensibile la marja EBITDA si profitul inainte de impozitare. O scadere a marjei EBITDA cu 1,0% ar reduce activele privind impozitul amanat cu 2.200 mii RON (31 decembrie 2017: 4.600 mii RON), iar o scadere a profiturilor inainte de impozitare previzionate cu 1,0% ar reduce creantele privind impozitul amanat cu 2.700 mii RON (31 decembrie 2017: 3.800 mii RON) .

8 STOCURI

	31 Decembrie 2018	31 Decembrie 2017
Materii prime	62.106	43.490
Consumabile	36.614	34.841
Produse finite	19.779	13.861
Producție în curs	63.138	49.694
Semifabricate	2.041	3.111
Altele	146	270
Provizion pentru stocuri	(10.503)	(10.059)
Total	**173.321**	**135.208**

Mișcarea în provizionul de stocuri cu mișcare lentă și învechite este prezentată mai jos:

	2018	2017
Sold la începutul anului	10.059	11.099
Constituire în cursul anului	-	14
Reversare în cursul anului	(23)	-
Ajustări de conversie	467	(1.054)
Sold la sfarsitul anului	**10.503**	**10.059**

Valoarea stocurilor trecute pe cheltuiala în 2018 este de 330.825 mii RON (2017: 236.803 mii RON).
Valoarea stocurilor gajate pentru a garanta imprumuturile Grupului totalizeaza 153.238 mii RON (31 decembrie 2017: nil).

9 CLIENȚI

	31 Decembrie 2018	31 Decembrie 2017
Creanțe comerciale externe	6.911	8.578
Creanțe comerciale interne	5.326	5.784
Ajustari pentru deprecierea creantelor	(1.027)	(232)
Total creanțe	**11.210**	**14.130**

Există un client care reprezintă individual mai mult de 10% din soldul total al clienților la 31 decembrie 2018 (31 decembrie 2017: 2 clienți).

Mișcarea în cadrul ajustărilor pentru deprecierea creanțelor comerciale este următoarea:

	31 Decembrie 2018	31 Decembrie 2017
Sold la începutul anului	232	637
Intrare în cursul anului	844	5
Ieșire în cursul anului	(76)	(410)
Ajustări de conversie	27	-
Sold la sfârșitul anului	**1.027**	**232**

Atunci cand evalueaza recuperabilitatea unei creante, Grupul ia in considerare orice modificare in bonitatea clientului de la data la care creanta a fost acordata initial pana la data raportarii ajustata pentru factorii prospectivi specifici debitorilor si mediului economic.

9 CLIENȚI (continuare)

Astfel, conducerea Grupului considera ca nu sunt necesare alte ajustari pentru pierderi din depreciere preconizate decat cele care au fost inregistrate in situatiile financiare.

În tabelul de mai jos este o analiză a creanțelor comerciale la 31 decembrie 2018 și 31 decembrie 2017:

	31 Decembrie 2018	31 Decembrie 2017
Nescadente și nedepreciate	6.829	8.329
Scadente și nedepreciate	4.381	5.801
Creanțe depreciate – evaluate individual	-	-
Scadente de mai mult de 9 luni și depreciate	1.027	232
Minus: Ajustari pentru deprecierea creantelor	(1.027)	(232)
Total	**11.210**	**14.130**

Creantele care sunt trecute de scadenta, dar pentru care nu s-au constituit ajustari de depreciere la data raportarii sunt urmatoarele:

	31 Decembrie 2018	31 Decembrie 2017
Mai puțin de 3 luni	1.045	1.634
Între 3 luni și 6 luni	-	12
Între 6 luni și 9 luni	30	102
Mai mult de 9 luni	3.306	4.054
Total creanțe scadente dar nedepreciate	**4.381**	**8.925**

Aceste creante privesc un numar de clienti independenti sau parti afiliate, pentru care nu exista un istoric recent al nerecuperabilitatii. A se consulta si Nota 30 pentru mai multe detalii.

10 ALTE CREANȚE

	31 Decembrie 2018	31 Decembrie 2017
Avansuri către furnizori	1.854	2.093
TVA de recuperat	1.560	163
Alți debitori	1.782	2.467
Plăți în avans	2.521	1.950
Ajustări de depreciere a creanțelor incerte	(16)	(16)
Total alte active circulante	**7.701**	**6.657**

Mișcarea în cadrul ajustărilor pentru deprecierea altor creanțe incerte este următoarea:

	31 Decembrie 2018	31 Decembrie 2017
Sold la începutul anului	16	16
Ieșire în cursul anului	-	-
Sold la sfârșitul anului	**16**	**16**

11 NUMERAR ȘI ECHIVALENTE DE NUMERAR

Numerarul și echivalentele de numerar pot fi analizate după cum urmează:

	31 Decembrie 2018	31 Decembrie 2017
Conturi în bănci în RON	407	1.495
Conturi în bănci în valută	1.657	2.421
Numerar în casă în RON	14	12
Echivalente de numerar	-	-
Numerar restricționat	3.246	6.519
Total numerar și echivalente de numerar	**5.324**	**10.447**

Numerarul restricționat reprezintă depozite colaterale la diferite bănci cu scopul emiterii de acreditive pentru achiziționarea materiilor prime și cu scopul de a menține un nivel cerut de lichiditate cu privire la dobânda plătibilă pentru împrumut.

La data de 31 decembrie 2018 Societatea are în sold acreditive cu transfer de cash colateral deschise la CEC Bank în valoare de 364 mii EUR (1.698 mii RON) si la Raiffeisen Bank in valoare de 370 mii USD (1.507 mii ron). Acreditivele au fost deschise pentru garantarea plății contractelor încheiate pentru achiziționarea de echipamente.

De asemenea, la 31 decembrie 2018, toate conturile bancare deschise de Societate, precum si toate sumele de bani aflate in creditul lor sau cu care sunt creditate la un moment dat aceste conturi bancare (cu anumite excluderi) sunt gajate pentru a garanta împrumuturile contractate de Entitate în mai 2018 (844 mii ron).

12 CAPITAL SOCIAL

Capitalul social statutar la 31 decembrie 2018 și 2017 se prezintă astfel:

	Cifre statutare					
	31 Decembrie 2018			31 Decembrie 2017		
ACȚIONARI	Număr acțiuni	Valoare nominală (mii RON)	%	Număr acțiuni	Valoare nominală (mii RON)	%
ALRO SA	81.595.860	485.495	99,4026	81.595.860	485.495	99,4026
Persoane fizice	487.778	2.902	0,5942	488.354	2.906	0,5949
Persoane juridice	2.565	15	0,0031	1.989	12	0,0024
Total	**82.086.203**	**488.413**	**100%**	**82.086.203**	**488.413**	**100%**

Acționarul majoritar al Alum S.A. este Alro S.A. Slatina deținută de VIMETCO N.V. Netherlands deținută de ViHolding N.V. (Netherland Antilles), companie controlată de MAXON LIMITED.

13 REZERVE

	31 Decembrie 2018	31 Decembrie 2017
Rezerve legale	12.309	9.004
Alte rezerve	34.650	38.778
Total rezerve	**46.959**	**47.782**

13 REZERVE (continuare)

Rezerva legală se constituie până la 20% din capitalul subscris și vărsat al Societății, în conformitate cu reglementările legale în vigoare, nu este distribuibilă și utilizarea sa este strict reglementată de lege.

Alte rezerve includ în principal sume generate de reevaluări statutare ale mijloacelor fixe.

14 ÎMPRUMUTURI

	31 Decembrie 2018	31 Decembrie 2017
Împrumuturi pe termen lung		
Împrumuturi pe termen lung (a se vedea si Nota 27)	59.953	10.632
Împrumuturi pe termen lung, total	**59.953**	**10.632**
Leasing financiar	99	292
Total împrumuturi și leasing financiar pe termen lung	**60.052**	**10.924**
Împrumuturi pe termen scurt		
Porțiunea pe termen scurt a împrumuturilor pe termen lung	300	1.018
Împrumuturi pe termen scurt, total	**300**	**1.018**
Leasing financiar	193	470
Total împrumuturi și leasing financiar pe termen scurt	**493**	**1.488**
Total împrumuturi și leasing financiar	**60.545**	**12.412**

În data de 17 mai 2018, Alum a incheiat un contract de credit în valoare de 20 milioane USD cu Black Sea Trade and Development Bank și un contract de credit în valoare de 5 milioane USD cu Garanti Bank Romania. Scopul acestor facilități de credit este finanțarea programului de investiții al Societății și vor fi rambursate în 7 rate semi-anuale, cu o perioadă de grație de 2 ani. La 31 decembrie 2018 suma trasa din aceste imprumuturi era de 15.000 mii USD.

Imprumuturile bancare ale Societatii au scadenta in anul 2023. În 2018, ratele dobanzilor au variat între 5,62% și 6,39%.

Conform contractelor de imprumut curente, Societatea este supusa anumitor conditii restrictive. Aceste conditii solicita Societatea, printre altele, sa mentina un nivel minim sau maxim pentru anumiti indicatori financiari incluzand: datorii financiare in raport cu EBITDA (rezultat inainte de impozitare, de alte castiguri si pierderi financiare, de amortizare si depreciere) si lichiditatea curenta.
La 31 decembrie 2018, Societatea s-a incadrat in toti indicatorii financiari impusi in contractele de finantare.

Filiala Grupului din Sierra Leone are o linie de credit la Sierra Leone Commercial Bank, în SLL, echivalentul a 257.000 USD, durata este de 1 an începand cu Mai 2018, la o rată a dobânzii de 19% pe an și comisioane de procesare – 1% plătite, la 31 decembrie 2018 fiind neutilizat. (La data de 31 Decembrie 2017 suma trasa era de 99 mii USD (749,303 mii SLL).

Un nou împrumut a fost obținut de la Sierra Leone Commercial Bank, în SLL în Martie 2016 în sumă de 5.950.000 mii SLL, pentru achizitia de barje, cu termen de rambursare în 24 luni și perioadă de grație 3 luni. Rata dobânzii este de 18%, imprumutul fiind și el garantat cu gaj asupra unor echipamente. La 31 decembrie 2018 imprumutul a fost rambursat in totalitate (soldul imprumutului la data de 31 Decembrie 2017 a fost in suma de 1,239,583,333 SLL ori 163 mii USD).

Imprumutul pe termen lung negarantat acordat către Sierra Mineral Holdings I Ltd. de către Conef S.A. a fost rambursat integral in anul 2018 (sold 31 Decembrie 2017: 10.632 mii RON). Rata dobânzii pentru acest împrumut către entitatea afiliată a fost de EURIBOR+4,5%.

14 ÎMPRUMUTURI (continuare)

Valorile contabile nete ale împrumuturilor bancare ale Grupului sunt denominate în următoarele valute:

	31 Decembrie 2018	31 Decembrie 2017
RON	-	-
USD	60.253	-
EURO	-	10.632
SLL	-	1.018
Total	**60.253**	**11.650**

În 2018 ALUM are în derulare două contracte de leasing financiar având ca obiect buldoexcavatoare cu termen de leasing de 3 ani. Valoarea netă contabilă a activelor deținute cu titlu de leasing financiar la 31 decembrie 2018 este de 822 mii RON (31 decembrie 2017: 1.152 mii RON).

	31 Decembrie 2018	31 Decembrie 2017
Rate de leasing cu maturitatea:		
În mai puțin de 1 an	198	485
Între 1 și 5 ani	100	298
Total rate de leasing	**298**	**783**
Mai puțin: dobânda viitoare	6	21
Valoarea prezentă a obligațiilor de leasing	**292**	**762**
din care:		
Obligații de leasing pe termen scurt (mai puțin de 1 an)	193	470
Obligații de leasing pe termen lung (între 1 și 5 ani)	99	292

15 OBLIGAȚII PRIVIND BENEFICIILE LA PENSIONARE

Planuri de contribuții definite

Angajații Alum sunt membrii ai unui plan de beneficii la pensionare administrat de Statul roman și începând cu 1 ianuarie 2008 se pot înscrie în mod voluntar (obligatoriu pentru angajații sub 35 de ani) pentru administrarea unei parti din contributie de catre fonduri de pensii private. Societatea contribuie cu un procent specific din costurile salariale la schema de beneficii la pensionare pentru a finanța beneficiile. Singura obligație a Grupului cu privire la planul de beneficii la pensionare este de a plăti contribuțiile specifice pe perioada in care persoanele respective sunt angajate.

Societatea a facut plati pentru un plan de pensii facultativ cu contributii determinate pentru angajatii care au lucrat pentru Societate in perioada de raportare. Planul de pensii cu contributii determinate este administrat de entitati distincte, iar contributia facuta de Societate a fost sub forma unor sume per angajat, platite lunar. La data de raportare Societatea a recunoscut datoria neactualizata (cheltuiala preliminata) dupa deducerea oricarei contributii deja platite, precum si cheltuiala inregistrata in timpul anului, obligatia legala si constructiva a Societatii fiind limitata la sumele cu care contribuie la acest plan de pensii.

15 OBLIGAȚII PRIVIND BENEFICIILE LA PENSIONARE (continuare)

Contributiile la planuri cu contributii determinate

	31 Decembrie 2018	31 Decembrie 2017
Cheltuieli cu asigurarile sociale	461	5.886
Alte cheltuieli la planuri de pensie cu contributii determinate	693	417

Planuri de beneficii definite

În conformitate cu Contractul Colectiv de Muncă al Societății, la pensionarea la limită de vârstă sau pe caz de boală, angajații beneficiază de un bonus la pensionare calculat pe baza vechimii care variază între 1 și 6 salarii.

Cea mai recentă evaluare actuarială a valorii curente a obligațiilor de beneficii definite a fost efectuată la 31 decembrie 2018 de către un evaluator independent. Valoarea curentă a obligației de beneficii definite și costul serviciului curent și costul serviciului trecut au fost evaluate utilizând metoda unității de credit proiectată.

Principalele ipoteze utilizate pentru evaluările actuariale au fost următoarele:

	31 Decembrie 2018	31 Decembrie 2017
Rata estimată a majorării salariale (%)	4,22	4,21
Rata de discount (%)	5,11	4,19
Rata estimată a inflației (%)	2,72	2,73

Sumele recunoscute în contul de profit și pierdere cu privire la aceste planuri de beneficii definite sunt următoarele:

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Recunoscute în contul de profit și pierdere		
Costul serviciului curent	878	818
Dobânda obligației	323	237
Beneficiile plătite	(876)	(692)
Recunoscute în alte venituri/(cheltuieli) globale		
(Câștiguri)/pierderi actuariale recunoscute în anul respectiv	930	757
Total	**1.255**	**1.120**

15 OBLIGAȚII PRIVIND BENEFICIILE LA PENSIONARE (continuare)

Suma inclusă în bilanț provenind din obligația Grupului privind planul de beneficii definite este următoarea:

	31 Decembrie 2018	31 Decembrie 2017
Datorie netă provenită din obligațiile de beneficii definite la 1 ianuarie	5.496	4.618
Costuri/(reversări) nete recunoscute	1. 255	1.120
Ajustări de conversie	(5)	(242)
Datorie netă provenită din obligațiile de beneficii definite la 31 decembrie	**6.746**	**5.496**

16 PROVIZIOANE

Provizionul inregistrat la 31 decembrie 2018 se referă la cheltuielile estimate cu recondiționarea locației privind mina de bauxită operată de Sierra Mineral Holdings I Ltd și cu reabilitarea haldei de șlam operată de Alum.

Alum S.A. a înregistrat provizion pentru cheltuielile viitoare discountate pentru reabilitarea haldei de șlam. Provizionul pentru reabilitare reprezintă valoarea prezentă a costurilor posibile a apărea în 2023 când halda de șlam va trebui fie închisă fie extinsă.

Acest provizion a fost creat pe baza estimărilor făcute la data de 31 decembrie 2018, de specialiști din cadrul ALUM cu experiență în domeniu. Ipotezele au fost făcute pe baza mediului economic actual, managementul considerând că sunt o bază rezonabilă pentru evaluarea datoriilor viitoare. De asemenea, momentul reabilitării va depinde de momentul în care depozitarea șlamului în halda actuală nu va mai fi rentabilă din punct de vedere economic.

Aceste estimari sunt revizuite regulat luându-se în calcul orice modificări substanțiale ale ipotezelor. în orice caz, costurile actuale de reabilitare vor depinde de prețurile viitoare existente pe piață pentru lucrările necesare pentru reabilitare și care vor reflecta condițiile pieței din momentul respectiv.

Rata de discount folosită în calculația provizionului la 31 Decembrie 2018 este de 4,29% (2017: 4,02%).

SMHL recunoaște provizonul pentru costurile viitoare pentru reabilitarea ecosistemului afectat de activitățile miniere. SMHL a înregistrat provizionul pe baza unei evaluări tehnice pentru restaurarea și reabilitarea zonelor afectate de activitatea de minerit privind costurile aferente necesare pentru lucrarile respective. Evaluarea a fost efectuată de către un expert evaluator extern, provizionul a fost înregistrat în 2014 și a fost majorat în 2018 cu 528 mii RON (2017: 519 mii RON).

In anul 2018, Societatea a constituit un provizion pe termen scurt in suma de 3.009 mii RON pentru remuneratia angajatilor conform prevederilor Contractului Colectiv de Munca (la 31 decembrie 2017: 0). Valoarea exacta si momentul acordarii primelor vor fi stabilite dupa aprobarea situatiilor financiare pentru anul 2018.

16 PROVIZIOANE (continuare)

	1 Ianuarie 2017	Creștere	Cheltuială cu dobânda	31 Decembrie 2017
Provizion pentru refacerea terenurilor	9.186	-	519	9.704
Ajustări de conversie	2.469	-	(1.137)	1.332
Provizion pentru reabilitare haldă Alum	20.674	(2.864)	684	18.494
Total provizioane pe termen lung	**32.329**	**(2.864)**	**66**	**29.530**

	1 Ianuarie 2018	Reversare	Cheltuială cu dobânda	31 Decembrie 2018
Provizion pentru refacerea terenurilor	9.704	-	528	10.233
Ajustări de conversie	1.332	-	535	1.867
Provizion pentru reabilitare haldă Alum	18.494	230	743	19.468
Provizion pentru remunerarea angajaților	-	3.009	-	3.009
Total provizioane	**29.530**	**3.239**	**1.807**	**34.576**
Din care:				
Provizioane pe termen lung	29.530	230	1.807	31.567
Provizioane pe termen scurt	0	3.009	0	3.009

17 SUBVENȚII

	2018	2017
Sold la 1 ianuarie 2018	**1.769**	**1.769**
Creșteri în timpul anului	3.074	1.769
Venituri înregistrate în timpul anului în situația rezultatului global	-	-
Sold la 31 decembrie	**4.843**	**1.769**
Din care:		
Pe termen scurt	323	-
Pe termen lung	4.520	1.769

Prin contractul de finanțare semnat în data de 8 septembrie 2016, Societatea a demarat un proiect (SMIS 2014+) cofinanțat prin Programul Operațional Competitivitate 2014-2020 susținut de Uniunea Europeană.

Proiectul se derulează pe o perioadă de 2 ani (August 2016-August 2018), are o valoare de 20,1 milioane RON din care 12,6 milioane RON sunt cheltuieli eligibile (6,3 milioane RON reprezentând asistența financiară nerambursabilă) și constă în achiziția de active corporale, respectiv echipamente pentru cercetarea tehnologiilor de obținere a hidroxidului de aluminium (uscat și umed). In septembrie 2018 s-a incheiat un act aditional prin care s-a prelungit durata proiectului cu 6 luni, pana in martie 2019.

17 SUBVENȚII (continuare)

În 2017-2018 au fost semnate contracte pentru cele trei echipamente în valoare totală de 3.638 mii EUR, au fost plătite avansuri în valoare de 1.091 mii EUR și au fost deschise acreditive în valoare de 2.547 mii EUR. In noiembrie 2018 lucrările de montaj pentru toate cele trei echipamente au fost finalizate și au fost demarate activitățile de pregătire a personalului și stabilire a parametrilor.

In 2018 Societatea a incasat fonduri nerambursabile in suma de 3.244 mii RON (2017: 1.598 mii RON).

Singurul indicator de realizare de urmărit până la finalizarea proiectului este numărul de personal din departamentul de cercetare-dezvoltare care trebuie să crească cu 16 persoane până pe 7 martie 2019.

La sfarsitul proiectului, mai trebuie indepliniti si alti indicatorii de rezultat, respectiv cifra de afaceri și cota de piață. Acestia se raportează anual doar pentru informarea Autorității de Management însă realizarea/nerealizarea lor se verifică, cu consecințele de rigoare, la sfârșitul perioadei de durabilitate respectiv în 2023.

18 FURNIZORI ȘI ALTE DATORII

	31 Decembrie 2018	31 Decembrie 2017
Furnizori străini	9.839	7.776
Furnizori locali	62.939	73.464
Furnizori facturi nesosite	4.652	2.520
Total	**77.430**	**83.760**

Detalii privind tranzacțiile Grupului cu părțile afiliate sunt prezentate în Nota 27.

19 ALTE DATORII CURENTE

	31 Decembrie 2018	31 Decembrie 2017
Furnizori de mijloace fixe	5.973	5.912
Avansuri de la clienți (Nota 27)	67.948	164.902
Salarii și contribuții sociale	6.419	5.969
Impozit pe salarii	348	675
Alte taxe și impozite	1.893	2.334
Dividende de plată	5	5
TVA de plată	3.692	3.630
Altele	1.078	470
Total	**87.357**	**183.897**

Avansurile de la Alro sunt in suma de 67.536 mii RON la 31 Decembrie 2018 (2017: 164.176 mii RON).

20 VENITURI

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Venituri din vânzări de alumină	875.101	634.689
Venituri din vânzări de bauxită	25.331	53.508
Altele	27.435	21.654
Total	**927.867**	**709.851**

21 COSTUL VÂNZĂRILOR

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Energie, apă și gaz	191.039	147.928
Materii prime	256.525	181.672
Cheltuieli de personal	54.233	43.262
Alte cheltuieli de personal	4.322	3.899
Consumabile	66.379	48.712
Amortizare	33.613	36.561
Servicii de la terți	31.695	20.856
Reparații	10.220	4.492
Costuri de transport	63.930	59.796
Ambalaje	1.004	967
Altele	45.965	39.868
Creșterea/(descreșterea) provizioanelor pentru stocuri cu mișcare lentă și învechite	(23)	15
Total	758.902	**588.028**

În 2018, Grupul a înregistrat cheltuieli totale cu beneficiile angajaților reprezentând salarii și alte cheltuieli salariale în situația de profit sau pierdere și a altor venituri globale în suma totala de 97.362 mii RON (in 2017: 81.206 mii RON).

22 ALTE VENITURI OPERAȚIONALE

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Alte venituri	3.460	4.926
Total	**3.460**	**4.926**

În categoria de alte venituri operaționale sunt înregistrate în principal venituri din vânzarea de energie electrică pentru cazanul Primăriei ce asigură încălzirea orașului, bonusuri pentru depășirea/scurtarea perioadei de încărcare / descărcare bauxită, venituri aferente concediilor medicale si chirii.

23 CHELTUIELI ADMINISTRATIVE

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Energie, apă și gaz	64	46
Consumabile	6.918	5.452
Costuri cu personalul	33.930	28.343
Costuri cu restructurarea personalului	505	351
Consultanță	3.390	2.721
Servicii de la terți	13.094	10.969
Amortizare	2.723	2.746
Taxe și impozite	2.074	1.869
Alte cheltuieli cu personalul	5.199	4.780
Prime de asigurare	2.527	2.512
Comisioane și onorarii	481	324
Altele	7.428	5.555
Modificarea provizionului pentru creanțe incerte	767	(405)
Total	**79.101**	**65.263**

24 ALTE CÂȘTIGURI ȘI PIERDERI

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Diferențe de curs din exploatare	2.922	7.416
Rezultatul net din ieșire de mijloace fixe	(176)	1.352
Total	**2.746**	**8.768**

25 REZULTATE FINANCIARE NETE

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Venituri din dobânzi	(2.325)	(4.157)
Cheltuiala cu dobânzile	3.430	3.313
Dobânda din actualizarea provizioanelor	1.271	1.202
Comisioane bancare	1.490	861
Total	**3.866**	**1.219**

26 CÂȘTIGURI PE ACȚIUNE

Câștigurile de bază pe acțiune sunt calculate prin împărțirea profitului atribuibil proprietarilor Societății la numărul mediu ponderat de acțiuni ordinare existente în cursul anului.

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
(Pierdere)/Profit atribuibil proprietarilor Societății	55.371	87.203
Numărul mediu ponderat al acțiunilor ordinare	82.086	82.086
(Pierdere)/Câștig mediu pe acțiune (RON/acțiune)	0,67	1,06
Dividende plătite pe acțiune (RON/acțiune)	-	-

Nu există instrumente de capital și opțiuni privind acțiunile la 31 decembrie 2018 și 31 decembrie 2017 care ar putea dilua câștigurile de bază pe acțiune.

27 TRANZACȚII CU ENTITĂȚILE AFILIATE

Soldurile și tranzacțiile dintre Societate și filialele sale, care sunt entități afiliate ale Societății au fost eliminate din consolidare și nu sunt prezentate în această notă. Detaliile tranzacțiilor dintre Grup și alte entități afiliate sunt prezentate mai jos.

Principalele entități afiliate ale Grupului cu care Grupul a înregistrat tranzacții în 2018 și 2017 sunt: Alro S.A., Conef Gaz S.R.L., Conef S.A., Vimetco Power Romania S.R.L., Vimetco Management Romania S.R.L, Centrul Rivergate S.R.L., Rivergate Fire S.R.L, Vimetco Extrusion, Vimetco N.V. Aceste entități afiliate au același ultim acționar ca societățile Grupului.

Parte afiliată	Tip parte afiliată	Tip tranzactii
Alro S.A.	Actionar	Vânzare/cumparare de bunuri/servicii
Vimetco N. V., Netherlands	Actionar	Vânzare/cumparare de bunuri/servicii
Vimetco Management Romania S.R.L.	Control comun	Cumpărare de bunuri/servicii
Vimetco Power	Control comun	Vânzare/cumpărare de bunuri/servicii
Vimetco Extrusion	Control comun	Vânzare/cumpărare de bunuri
Conef Gaz S.R.L.	Control comun	Cumpărare de bunuri
Centrul Rivergate	Control comun	Vânzare/cumparare de bunuri/servicii
Rivergate Fire	Control comun	Vânzare/cumparare de bunuri/servicii

a) Împrumuturi acordate entităților afiliate

La 30 iulie 2014 Global Aluminium Ltd. a acordat un împrumut Vimetco N.V. în sumă de 6.000 mii USD. Suma a fost majorată până la 11.700 mii USD prin actele adiționale semnate la 31 August 2015 și 27 Iunie 2017. In anul 2018 imprumutul a fost incasat integral (2017: 11.695 mii USD). Rata dobânzii pentru acest împrumut a fost LIBOR+6,25%.

b) Alte tranzacții

Achiziții de bunuri și servicii	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Vimetco Management Romania SRL	780	781
Alro SA	30.200	19.657
Conef Gaz SRL	166.705	129.472
Centru Rivergate SRL	3.110	4,236
Rivergate Fire SRL	2.897	-
Total	**203.692**	**154.145**

27 TRANZACȚII CU ENTITĂȚILE AFILIATE (continuare)

Vânzare de bunuri și servicii	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
Vimetco Power Romania SRL	-	1
Vimetco Extrusion	2	2
Alro SA	602.843	526.549
Centru Rivergate SRL	36	35
Total	**602.881**	**526.588**

Clienți și alte creanțe	31 Decembrie 2018	31 Decembrie 2017
Vimetco Power Romania SRL	3.153	3.153
Conef Gaz SRL	-	82
Alro SA	366	299
Vimetco Extrusion	-	-
Vimetco N. V., Netherlands (împrumut)	-	54.345
Centru Rivergate SRL	4	4
Total	**3.524**	**57.882**

Furnizori și alte datorii	31 Decembrie 2018	31 Decembrie 2017
Vimetco N. V. Netherlands	-	-
Vimetco Management Romania SRL	-	-
Alro SA	97.048	205.507
Centru Rivergate SRL	306	-
Rivergate Fire SRL	287	
Conef Gaz SRL	479	-
Total	**98.120**	**205.507**

Împrumuturi de la entități afiliate

Imprumutul pe termen lung negarantat acordat către Sierra Mineral Holdings I Ltd. de către Conef S.A. a fost rambursat integral in 2018 (sold la 31 decembrie 2017: 10.632 mii RON). Rata dobânzii pentru acest împrumut către entitatea afiliată este EURIBOR+4,5%.

Remunerația conducerii

Remunerația (inclusiv contribuțiile sociale) a directorilor și a altor membri ai personalului de conducere în cursul anului a fost în sumă de 15.455 mii RON (2017: 13.960 mii RON).

28 RAPORTAREA PE SEGMENTE

Segemente de activitate și geografice

În scopuri de raportare către conducere, Grupul este organizat pe bază verticală integrată în două divizii operaționale – bauxită și alumină. Diviziile sunt baza pe care Grupul raportează informațiile primare pe segmente. Segmentul bauxită produce bauxită – principala materie primă pentru obtinerea aluminei. Segmentul alumină produce alumina calcinată – principala materie primă pentru producerea aluminiului. Mina de bauxită este situată în Sierra Leone, iar uzina de alumină în Tulcea, România. Alte operațiuni includ furnizarea de servicii societății mamă, filialelor și clienților externi.

Veniturile pe segmente și rezultatele pentru anul încheiat la 31 decembrie 2018 au fost următoarele:

	Bauxită	Alumină	Eliminarea tranzacțiilor inter-segmente	Consolidare
Vânzări externe	52.052	875.815	-	927.867
Vânzări inter-segmente	240.497	-	(240.497)	-
Total venituri pe segment (vânzări externe + vânzări intersegment)	292.549	875.815	(240.497)	927.867
Total cost vânzări pe segment	(221.422)	(774.627)	237.146	(758.902)
Rezultatul pe segment (profit brut)	**71.127**	**101.189**	**(3.351)**	**168.965**
Cheltuieli administrative				(79.101)
Venituri nealocate nete				(41)
Cheltuieli cu dobânzile				(6.191)
Venituri din dobânzi				2.325
Alte venituri și cheltuieli				(2.746)
Impozit pe profit				(27.840)
Profitul anului				**55.371**

Suma de 3.351 mii RON, reprezentând tranzacții inter-segmente, este acum inclusă în categoria ‘’Tranzacții între segmente și altele’’ și eliminată din categoria "Total cost vânzări pe segment’’.

28 RAPORTAREA PE SEGMENTE (continuare)

Veniturile pe segmente și rezultatele pentru anul încheiat la 31 decembrie 2017 au fost următoarele:

	Bauxită	Alumină	Eliminarea tranzacțiilor inter-segmente	Consolidare
Vânzări externe	74.405	635.446	-	709.851
Vânzări inter-segmente	190.722	-	(190.722)	-
Total venituri pe segment (vânzări externe + vânzări intersegment)	265.127	635.446	(190.722)	709.851
Total cost vânzări pe segment	(187.090)	(589.948)	189.011	(588.027)
Rezultatul pe segment (profit brut)	**78.037**	**45.497**	**(1.711)**	**121.823**
Cheltuieli administrative				(65.263)
Venituri nealocate nete				3.368
Cheltuieli cu dobânzile				(5.376)
Venituri din dobânzi				4.157
Alte venituri și cheltuieli				(8.768)
Impozit pe profit				37.262
Pierderea anului				**87.203**

Suma de 1.711 mii RON, reprezentând tranzacții inter-segmente, este acum inclusă în categoria ‘’Tranzacții între segmente și altele’’ și eliminată din categoria "Total cost vânzări pe segment’’.

28 RAPORTAREA PE SEGMENTE (continuare)

Venituri și cheltuieli pe segment

Toate veniturile și cheltuielile pe segment sunt atribuite direct segmentelor. Cheltuielile comune sunt alocate segmentelor de activitate pe o bază rezonabilă.

Trasferuri inter-segmente

Veniturile pe segmente, cheltuielile pe segmente și rezultatul pe segmente includ transferurile între segmentele activității. Astfel de transferuri sunt reflectate la costul complet al operatiunilor respective. Astfel de transferuri sunt eliminate din consolidare.

Active și datorii pe segment

Activele pe segment includ toate activele operaționale utilizate de un anumit segment și constau în principal în numerarul operațional, creanțe, stocuri și imobilizări corporale, în valoare netă. În timp ce majoritatea imobilizărilor pot fi atribuite direct pe segmente individuale, suma netă a acestor imobilizări folosite în comun de două sau mai multe segmente este alocată segmentelor în mod rezonabil. Datoriile pe segment includ toate datoriile operaționale și constau în principal din datorii comerciale și alte datorii, salarii și impozite curente și obligații estimate. Activele și datoriile pe segment nu includ impozitul amânat, împrumuturile și obligațiile financiare.

Activele și datoriile pe segmente la 31 decembrie 2018 sunt următoarele:

	31 Decembrie 2018	31 Decembrie 2017
Active pe segmente		
Bauxită	206.251	226.545
Alumină	502.000	459.104
Active nealocate, din care:	64.657	78.546
Imobilizări corporale	6.757	6.054
Stocuri	23	26
Creanțe cu impozitul amânat	44.382	54.671
Alte active pe termen scurt	13.024	17.104
Alte active pe termen lung	471	691
Eliminarea activelor inter-segmente	(196.939)	(207.847)
Total active consolidate	**575.969**	**556.348**
Datorii pe segmente		
Bauxită	298.610	300.926
Alumină	222.699	257.318
Datorii nealocate, din care:	10.846	7.854
Alte datorii financiare	5.925	2.218
Datorii cu impozitul amânat	4.921	5.636
Provizioane	-	-
Eliminarea datoriilor inter-segmente	(254.332)	(243.146)
Total datorii consolidate	**277.823**	**322.950**

28 RAPORTAREA PE SEGMENTE (continuare)

Segmente geografice –Vânzări pe piețe

Următorul tabel indică distribuția vânzărilor consolidate ale Grupului pe piețe geografice, indiferent de locul unde au fost produse bunurile:

	Anul încheiat la 31 Decembrie 2018	Anul încheiat la 31 Decembrie 2017
România	612.022	532.504
Uniunea Europeană	107.425	31.921
Țări europene non UE	113.586	66.431
Alte țări	94.835	78.995
Total	**927.867**	**709.851**

29 FILIALE

Numele filialei	Activitatea principală	Nr. de acțiuni	Costul achiziției (RON/acțiune)	Drepturi de vot (%)	Valoare (mii RON)
Global Aluminium Ltd.	-producția de bauxită	3.400.000	24,29	100%	82.581
Total					**82.581**

La 1 mai 2011, Alum a achiziționat de la Vimetco N.V. 100% din activele societății de investiții Global Aluminum Ltd ale cărei active includ 100% din acționariatul minei de bauxită din Sierra Leone, Sierra Minerals Holding I Ltd., și 100% din acționariatul Bauxite Marketing Ltd.

Societățile Grupului Alum la 31 decembrie 2018 și 31 decembrie 2017 sunt următoarele:

	31 Decembrie 2018		31 Decembrie 2017	
Filiala	**Deținere**	**Voturi**	**Deținere**	**Voturi**
Global Aluminium Ltd.	100,00%	100,00%	100,00%	100,00%
Bauxite Marketing Ltd.	100,00%	100,00%	100,00%	100,00%
Sierra Mineral Holdings I, Ltd.	100,00%	100,00%	100,00%	100,00%

30 GESTIONAREA RISCULUI FINANCIAR

Activitățile grupului îl expun la o varietate de riscuri financiare; riscul de piață (care include riscul valutar, riscul valorii juste a ratei dobânzii, riscul ratei dobânzii la fluxul de numerar și riscul de pret), riscul de credit și riscul de lichiditate. Programul de gestionare a riscului general al Grupului se concentrează pe imprevizibilitatea piețelor financiare și caută să minimizeze eventualele efecte adverse în performanța financiară a grupului. Grupul nu folosește instrumente financiare derivative ca să acopere anumite expuneri de risc.

Managementul riscului este realizat de funcția de trezorerie conform politicilor aprobate de consiliul de administrație. Funcția de trezorerie identifică, evaluează și acoperă riscurile financiare în strânsă colaborare cu unitățile operaționale ale grupului. Consiliul de administrație furnizează principiile scrise pentru managementul general al riscului precum și politicile scrise care acoperă domenii specifice, cum ar fi riscul schimbului valutar, riscul ratei dobânzii, riscul de credit, folosirea instrumentelor financiare derivative și a instrumentelor financiare nederivative și investiția lichidităților excesive.

30 GESTIONAREA RISCULUI FINANCIAR (continuare)

Managementul riscului de capital

Obiectivele Grupului în gestiunea capitalului includ continuitatea activității Grupului pentru a asigura venituri pentru acționari și beneficii pentru alți acționari și menținerea unei structuri optime a capitalului pentru reducerea costului capitalului.

Structura capitalului Grupului cuprinde datorii, care includ împrumuturi, numerar și echivalente de numerar și capital atribuibil acționarilor Societății mamă, cuprinzând capitalul social, rezervele și rezultatul reportat.

Conducerea Grupului analizează structura capitalului în mod regulat. Ca parte din această analiză conducerea analizează costul capitalului și riscurile asociate cu fiecare clasă de capital. Ca să mențină sau să ajusteze structura capitalului, Grupul poate să ajusteze suma dividendelor plătite acționarilor, să înapoieze capitalul la acționari, să emită acțiuni noi sau să vândă active ca să reducă datoria.

Consecvent cu alții din industrie, Grupul monitorizează capitalul pe baza gradului de îndatorare. Această rată este calculată ca datorie netă împărtită la capitalul total. Datoria netă se calculează ca împrumuturi totale (incluzând 'împrumuturile pe termen scurt și pe termen lung' așa cum sunt raportate în bilanț) mai puțin numerar și echivalente de numerar. Capitalul total este calculat ca și 'capital și rezerve' așa cum este raportat în bilanț plus datoria netă.

Gradul de îndatorare la 31 decembrie 2018 și 31 decembrie 2017 era următorul:

	31 Decembrie 2018	31 Decembrie 2017
Total împrumuturi (Nota 14)	60.545	12.412
Minus: numerar și echivalente de numerar (Nota 11)	(5.324)	(10.447)
Datorie netă	**55.221**	**1.965**
Total capitaluri proprii	298.146	233.398
Total capital	**353.367**	**235.363**
Grad de îndatorare	**15,63%**	**0,83%**

Administrarea riscului de schimb valutar

Grupul este expus la riscul de schimb valutar deoarece o parte importantă din vânzările de bauxită și alumină calcinată este raportată la USD, în timp ce o mare parte din cheltuielile sale de exploatare (precum cheltuielile cu salariile, etc) sunt raportate la RON. Astfel grupul se expune la riscul că fluctuațiile ratelor de schimb RON/USD vor afecta atât veniturile sale nete cât și poziția financiară așa cum sunt exprimate în RON.

Expunerea Grupului la schimbul valutar rezultă din:

- tranzacțiile posibile, previzionate (vânzări/achiziții) exprimate în valută;
- angajamente ferme exprimate în valută și
- elemente monetare (în principal creanțe comerciale, datorii comerciale și împrumuturi) exprimate în valută.

30 GESTIONAREA RISCULUI FINANCIAR (continuare)

Administrarea riscului de schimb valutar (continuare)

Suma raportată a activelor monetare exprimate în valută aparținând Grupului și ale datoriilor monetare la data raportului este prezentată după cum urmează:

	31 Decembrie 2018		31 Decembrie 2017	
	EUR	USD	EUR	USD
	mii RON	mii RON	mii RON	mii RON
Total active curente	14.544	8.960	15.411	9.039
Total active pe termen lung	-	-	-	53.344
Total active	**14.544**	**8.960**	**15.411**	**63.383**
Total datorii pe termen scurt	8.337	33.532	10.101	39.717
Total datorii pe termen lung	99	59.953	10.704	-
Total datorii	**8.437**	**93.485**	**20.805**	**39.717**

Senzitivitatea cursului de schimb

Grupul este expus în principal la Moneda Europeană și la Dolarul American. Tabelul următor prezintă în detaliu senzitivitatea Grupului la o creștere și scădere de 10% a Leului românesc față de monedele corespondente. 10% reprezintă ratele de senzitivitate utilizate când riscul valutei se raportează la nivel intern personalului din conducere și reprezintă evaluarea conducerii privind posibila modificare în ratele de schimb valutar.

Analiza senzitivității include doar elementele monetare scadente exprimate în valută și modifică conversia lor la sfârșitul perioadei pentru o modificare de 10% în ratele valutare. Analiza senzitivității include împrumuturile externe acolo unde exprimarea împrumutului este într-o monedă, alta decât cea operațională. Un număr pozitiv indică o creștere a profitului sau a pierderilor și alte capitaluri acolo unde moneda operațională se întărește față de valuta corespondentă.

	31 Decembrie 2018		31 Decembrie 2017	
	EUR	USD	EUR	USD
	mii RON	mii RON	mii RON	mii RON
Profit sau pierdere	(611)	8.452	539	(2.367)
Capitaluri (net de impozit)	(513)	7.100	453	(1.988)

Managementul riscului ratei dobânzii

Deoarece Grupul nu deține active semnificative purtătoare de dobândă, cu exceptia imprumutului prezentat in Nota 27, veniturile și fluxurile de numerar ale Grupului sunt substanțial independente de schimbările din ratele dobânzilor de pe piață.

Riscul ratei dobânzii al Grupului rezultă din împrumuturi. Împrumuturile emise la rate fluctuante expun Grupul la riscul ratei dobânzii. Împrumuturile emise la rate fixe expun Grupul la un risc de rată a dobânzii din valoarea justă. Rata dobânzii pentru facilitățile sale de creditare existente se bazează pe Rata Oferită la Interbank Londra (LIBOR) pentru împrumuturile în USD, ROBOR pentru împrumuturile în RON și EURIBOR pentru împrumuturile în EUR.

30 GESTIONAREA RISCULUI FINANCIAR (continuare)

Senzitivitatea la rata dobânzii

Analizele senzitivității prezentate mai jos au fost determinate pe baza expunerii la ratele dobânzii pentru împrumuturile exprimate în RON, EUR și USD la data bilanțului, modificarea stipulată având loc la începutul anului fiscal și menținându-se constantă pe întreaga perioadă viitoare de raportare în cazul instrumentelor care prezintă rate fluctuante.

Dacă ratele dobânzilor ar fi, mai mari/mai scăzute cu 1% și toate celelalte variabile ar fi menținute constante, profitul Grupului ar crește/scădea cu 600 mii RON (2017: 104 mii RON). Acest fapt este în principal cauzat de expunerea Grupului la ratele de dobândă din împrumuturile cu rată variabilă exprimate în RON, USD sau în EUR.

Gestionarea riscului de credit

Riscul de creditare reprezintă riscul ca una dintre părțile instrumentului financiar să nu execute obligația asumată, cauzând Grupului o pierdere financiară. Grupul a adoptat politica de a tranzacționa doar cu părți de încredere și obținând garanții suficiente când este cazul ca mijloace de a atenua riscul pierderilor financiare din cauza neîndeplinirii obligațiilor. Expunerea Grupului și evaluarea de creditare a părților sale sunt monitorizate permanent și valoarea totală a tranzacțiilor încheiate este distribuită părților aprobate.

Grupul întreprinde o politică foarte prudentă în cazul riscului de creditare comercială și acoperă riscul de creditare cu scrisori de garanție, garanții bancare sau factoring fără recurs.
Riscul de creditare a lichidităților și instrumentele financiare derivate sunt limitate deoarece părțile sunt bănci cu o rata mare de creditare desemnate de agenții de creditare internaționale.

Riscul de lichiditate

Gestionarea prudentă a riscului de lichiditate implică păstrarea de suficient numerar și valori tranzacționabile, disponibilitatea finanțării printr-o sumă adecvată din facilități de creditare angajate precum și capacitatea de a închide poziții de piață. Datorită naturii dinamice a afacerii, funcția de trezorerie a Grupului menține flexibilitatea în finanțare prin păstrarea disponibilității în cadrul liniilor de creditare angajate. Conducerea monitorizează regulat previziunile de rulare a rezervei de lichidități a societății (i.e., facilitatea de credit netrasă și numerarul și echivalentele de numerar).

În tabelul de mai jos sunt prezentate datoriile financiare ale Grupului în funcție de maturitatea contractuală. Sumele reprezintă fluxuri de numerar neactualizate bazate pe cea mai timpurie perioadă necesară pentru Grup pentru a face plățile.

Anul încheiat la 31 Decembrie 2018

	Scadente	< 1 an	1-2 ani	2-5 ani	> 5 ani	Total
Împrumuturi	-	4.706	67.546	-	-	72.252
Datorii comerciale	25.118	52.312	-	-	-	77.430
Total	**25.118**	**57.018**	**67.546**	**-**	**-**	**149.682**

Anul încheiat la 31 Decembrie 2017

	Scadente	< 1 an	1-2 ani	2-5 ani	> 5 ani	Total
Împrumuturi	-	1.488	10.924	-	-	12.412
Datorii comerciale	34.237	49.523	-	-	-	83.760
Total	**34.237**	**51.011**	**10.924**	**-**	**-**	**96.172**

30 GESTIONAREA RISCULUI FINANCIAR (continuare)

Valoarea justă a activelor și pasivelor financiare

Valoarea justă a activelor și datoriilor financiare este determinată după cum urmează:

• Valoarea justă a activelor și datoriilor cu termeni și condiții standard și tranzacționate pe piețe active lichide este determinată prin referință la prețuri cotate în piață (incluzând titluri răscumpărabile, efecte de comerț, obligațiuni și titluri de valoare perpetue).
• Valoarea justă a altor active și datorii financiare (exclusiv instrumentele financiare derivate) este determinată în conformitate cu modele de evaluare acceptate în mod general, care se bazează pe fluxuri de numerar viitoare actualizate folosind prețuri ale unor tranzacții observabile în piețele curente și cotații obținute de la dealeri pentru instrumente similare.
• Valoarea justă a instrumentelor financiare derivate este calculată folosind prețuri cotate.

Tabelul următor prezintă o analiză a metodelor de evaluare a instrumentelor financiare la o dată ulterioară celei de recunoaștere inițială, grupate în nivelurile 1 - 3 pe baza gradului de disponibilitate în piață a informațiilor necesare evaluării.
• Nivelul 1: include instrumente financiare măsurate la valoarea justă prin aplicarea prețurilor cotate, neajustate, obținute din piețe active pe care sunt tranzacționate active sau datorii identice.
• Nivelul 2: include instrumente financiare măsurate la valoarea justă prin folosirea unor tehnici de evaluare ce conțin variabile altele decât prețurile cotate indicate la Nivelul 1 al ierarhiei, variabile ce sunt disponibile și identificabile în piață pentru activele și datoriile respective, fie direct (cum ar fi prețurile) sau indirect (respectiv derivate din prețuri).
• Nivelul 3: include instrumente financiare măsurate la valoarea justă folosind tehnici de evaluare ce conțin variabile pentru activele sau datoriile respective, care nu se bazează pe date identificabile, disponibile în piață.

Conducerea Grupului consideră că valoarea justă a activelor și datoriilor recunoscute la cost amortizat în situațiile financiare aproximează valoarea netă contabilă a acestora în mare parte datorită maturităților pe termen scurt, costurilor mici aferente tranzacțiilor la data poziției financiare, iar pentru împrumuturile pe termen lung datorită faptului că acestea au fost recent contractate.

Valoarea justă a următoarelor active și datorii financiare aproximează valoarea lor contabilă:

- Creanțe comerciale și alte creanțe;
- Alte active circulante;
- Numerar și echivalente de numerar;
- Datorii comerciale și alte datorii;
- Împrumuturi.

Active și pasive financiare

	31 Decembrie 2018	Nivel 1	Nivel 2	Nivel 3
Active financiare				
Creanțe comerciale	11.210	-	-	11.210
Alte creanțe	7.701	-	-	7.701
Numerar și echivalente de numerar	5.324	5.324	-	-
TOTAL ACTIVE FINANCIARE	**24.235**	**5.324**	**-**	**18.911**
Pasive financiare				
Împrumuturi pe termen lung	60.052	-	-	60.052
Datorii comerciale	77.430	-	-	77.430
Împrumuturi pe termen scurt	493	-	-	493
TOTAL PASIVE FINANCIARE	**137.975**	**-**	**-**	**137.975**

30 GESTIONAREA RISCULUI FINANCIAR (continuare)

Active și pasive financiare (continuare)

	31 Decembrie 2017	Nivel 1	Nivel 2	Nivel 3
Active financiare				
Creanțe comerciale	14.130	-	-	14.130
Alte creanțe	6.657	-	-	6.657
Numerar și echivalente de numerar	10.447	10.447	-	-
TOTAL ACTIVE FINANCIARE	**31.234**	**10.447**	**-**	**20.787**
Pasive financiare				
Împrumuturi pe termen lung	10.924	-	-	10.924
Datorii comerciale	83.760	-	-	83.760
Împrumuturi pe termen scurt	1.488	-	-	1.488
TOTAL PASIVE FINANCIARE	**96.172**	**-**	**-**	**96.172**

31 ANGAJAMENTE ȘI DATORII POTENTIALE

Litigii

La 31 decembrie 2018 și 31 decembrie 2017, Grupul era implicat într-un număr de acțiuni în justiție rezultat din cursul normal al activității. Conducerea consideră că aceste acțiuni, cu excepția celor cu privire la creantele provizionate la datele respective (Nota 9) nu vor avea un impact negativ asupra performanței financiare consolidate și a poziției financiare consolidate ale Grupului.

Impozitarea

Sistemul de impozitare din Romania este intr-o faza de consolidare si armonizare cu legislatia europeana. Astfel, legislatia fiscala este supusa diverselor interpretari si schimbari permanente, unele dintre acestea putand fi retroactive. In anumite situatii, autoritatile fiscale pot trata în mod diferit anumite aspecte, procedand la calcularea unor impozite si taxe suplimentare, dobanzi si penalitati, putand rezulta sume semnificative. In Romania, exercitiul fiscal ramane deschis pentru verificare fiscala timp de 5 ani, toate societatile Grupului din Romania avand aceasta perioada deschisa. In Sierra Leone termenul este de 7 ani, iar ultimul control din partea autoritatilor fiscale la filiala grupului din Sierra Leone a avut loc in septembrie 2018. Conducerea Grupului considera ca obligatiile fiscale incluse in aceste situatii financiare sunt adecvate. In conformitate cu prevederile emise de catre Ministerul Finantelor Publice in Romania, care reglementeaza regimul fiscal al elementelor de capital propriu ce nu au fost subiect al calculatiei impozitului pe profit la data înregistrarii lor în contabilitate, datorita naturii lor, in cazul in care Grupul va schimba in viitor destinatia rezervelor (prin acoperire de pierderi sau distribuire către actionari), aceasta va conduce la datorii suplimentare cu impozitul pe profit.

Mediul

Pentru detalii referitoare la obligațiile pentru mediu vezi Nota 16.

Angajamente

La 31 decembrie 2018, Grupul are angajamente pentru investiții pentru anul 2019 în sumă de 4.962 mii USD (31 decembrie 2017: USD 3.511 mii USD).

Grupul a încheiat diferite contracte la 31 decembrie 2018 pentru achiziția în 2019 de materii prime, electricitate și alte materiale și consumabile în sumă de 26.384 mii EUR, 151.245 mii USD și, respectiv, 18.786 mii RON (31 decembrie 2017: 11.903 mii EUR, 148.497 mii USD și, respectiv, 14.544 mii RON).

31 ANGAJAMENTE ȘI DATORII POTENTIALE (continuare)

Angajamente (continuare)

Grupul are incheiate contracte de leasing operational avand ca obiect vehicule si echipamente, cu termene de leasing de pana la 5 ani. Cheltuiala cu leasingul operational recunoscuta in anul 2018 a fost in suma de 174 mii RON (in 2017: 10.970 mii RON).

Sumele viitoare minime de plată pentru contractele irevocabile de leasing operațional sunt următoarele:

ALUM

	31 Decembrie 2018	31 Decembrie 2017
În mai puțin de 1 an	210	153
Între 1 și 5 ani	415	326
Total	**625**	**479**

SMHL

	31 Decembrie 2018	31 Decembrie 2017
În mai puțin de 1 an	-	-
Între 1 și 5 ani	-	-
Total	**-**	**-**

La data bilanțului Societatea mai avea următoarele angajamente legate de proiectul cofinanțat prin Programul Operațional Competitivitate 2014-2020 susținut de Uniunea Europeană:

- acreditive deschise în sumă de 364 mii EUR (1.698 mii RON);
- numărul de personal din departamentul de cercetare-dezvoltare trebuie să crească cu 16 persoane până pe 7 martie 2019

La sfârșitul proiectului, trebuie îndepliniți și anumiți indicatori de rezultat, respectiv cifra de afaceri și cota de piață. Aceștia se raportează anual doar pentru informarea Autorității de Management însă realizarea/nerealizarea lor se verifică, cu consecințele de rigoare, la sfârșitul perioadei de durabilitate respectiv în 2023.

32 ONORARIUL AUDITORILOR

Această notă cuprinde totalul remunerației plătibile de către Grup, exclusiv TVA, către auditorul principal, Ernst & Young Assurance Services SRL pentru anii financiari menționati mai jos.

	31 Decembrie 2018	31 Decembrie 2017
Cheltuieli cu auditul statutar	187	205
Alte servicii	16	17
Total	**203**	**222**

33 EVENIMENTE ULTERIOARE

In ianuarie 2019, Alum a tras diferenta de 10 milioane USD din imprumuturile contractate in luna mai 2018 cu Black Sea Trade and Development Bank si Garanti Bank Romania (a se vedea si nota 14).

ALUM GROUP

Directors' Consolidated Report

- 2018 -

SUMMARY

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1.8. Contingencies and Commitments

2.1. Consolidated Balance Sheet for year ending 2018
2.2. Consolidated Profit and Loss Account for 2018

Management Consolidated Report for 2018

Introduction

The ALUM GROUP component entities and the respective shareholding as at 31.12.2018 are presented in the table below:

No.	Company	Parent company	Shareholding
1.	Alro SA Slatina	-	-
2.	Alum SA Tulcea	ALRO SA Slatina	99.40 %
3.	Global Aluminium Ltd.	ALUM SA Tulcea	100 %
4.	Bauxite Marketing Ltd.	Global Aluminium Ltd.	100 %
5.	Sierra Mineral Holdings 1, Ltd.	Global Aluminium Ltd.	100 %

1.1. ALUM GROUP orientation

The main goal of ALUM GROUP is to continue its efforts to capitalize its human and material resources in order to be among the profitable and competitive companies on the alumina market.

For this purpose ALUM GROUP established the following main objectives:

- Ongoing implementation of co-financed with UE funds investment project according with agreed schedule with ANCSI, investment project which will lead to an increasing of ALUM's efficiency and competitiveness;
- Conformation with provisions of Action Plan agreed with ANRE in order to fulfill the conditions imposed by the provisions of GD no. 495/2014 and installation of modern burning system at the boiler no. 4 to decrease the NOx emissions level under 100 mg/Nmc.
- Continuation to ensure safe red mud pond functioning and extension the life time period;
- Continuation of the modernization process in order to meet the new demands regarding the economical efficiency, environmental protection and social responsibility;
- Ensurring raw materials and energy resources on long term basis;
- Increasing the energetical efficiency for the entire production process;
- Active management of contractual and market risks (financial), taking into account the evolution of the domestic and international market;
- Continuous compliance with environmental rules;
- Developping new products and activities.

Financial Highlights

Consolidated Financial Statements		**2018**	**2017**
Sales	RON million	928	710
EBITDA[1]	RON million	126	99
EBITDA margin	RON million	13.6%	13.98%
Total assets	RON million	576	556
Shareholder's equity	RON million	298	233
Net debt[2]	RON million	58	2
Earning per share	RON	0.67	1.06
Equity per share	RON	3.63	2.84

1.1. ALUM GROUP orientation (continued)

Financial Highlights (continued)

Production			
Alumina production	metric tonnes	571,772	472,606
Bauxite production	metric tonnes	1,938,461	1,787,716
Average number of employees		1,315	1,193

[1]EBITDA: profit before tax, net finance items, other gains and losses, depreciation, amortization and impairement

[2]Net debt: total of short and long-term loans, loans from related parties and lease obligations less cash and cash equivalents

Main development directions of ALUM GROUP

ALUM

The future development projects which ALUM intends to implement these are the continuation of projects of previous years, in particular energy efficiency projects and environment projects presented briefly below:

1. Projects to ensure plant operational continuity and to increase the red mud pond lifetime, consisting of :
   - Increasing the storage capacity of the red mud pond by elevating the dikes throughout the perimeter;
   - Purchasing press filters for disposal bauxite residue moisture decreasing;
   - Red mud pipe, length 4,5 km (refinery to red mud pond).
2. Projects for efficient and safe operation of industrial facilities:
   - Reducing emissions and increasing energy efficiency by installing a low NOx combustion system at boiler no. 4;
   - Burned gases fan for Steam Boiler no 2;
   - Consolidation foundations Precipitation tanks;
   - Filtering process control efficiency enhancing by acquiring and installing vertical filters;
   - Thermal energy recovery system from combustion gases of steam boilers;
   - Increasing energy efficiency by thermal isolation of vessels and technological paths;
   - Acquisition and installation a disc filter for coarse seed;
   - Investments for maintenance and improvement of equipment parameters - Alum (PPE);
   - Plant economic lightning;
   - Replacing the obsolete equipments, Endowments.
3. Projects to support ANRE proposals:
   - New natural gas burners at Steam Bolier no 1 (low Nox);
   - Optimization of steam lines and installing steam traps in 2 Digestion batteries;
   - Maintenance Capex (Digestion modernization - autoclaves registers and agitators for 2 Digestion and Evaporation batteries);
   - Modernization 6 kV electrical installations (capacitors, electric cells, electric circuits);
   - Increasing energy efficiency by installing frequency converters.
4. Projects for new ALUM products :
   - Increasing competitiveness by installing equipment to obtain wet and dry hydrate;
   - Site arrangement and installation of hydrate drying, grinding and classification equipments.

On 3 May 2011 Alum acquired from Vimetco N,V, 100% of an investment company Global Aluminium Ltd (GAL), Global Aluminium assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Mineral Holdings 1, Ltd., and 100% shareholding in Bauxite Marketing Ltd.

1.1. ALUM GROUP orientation (continued)

Main development directions of ALUM GROUP (continued)

GAL

GAL's main subsidiary Sierra Mineral Holdings 1, Ltd. (SMHL), owns an operating bauxite mine under a mining lease with the Government of Sierra Leone, which occupies 322 square kilometres in the south of Sierra Leone. SMHL represents one component of the Group's production chain, being at the base of it: mining of bauxite. The bauxite obtained by SMHL is sold to Alum to be refined into the production of calcinated alumina, which serves in the aluminium production at Alro.

The executive board of SMHL consist of Alex Ivanov (CEO) and Abdul Bangura (CFO). The Board of Directors include three members, as follows: Pavel Machitski (Member), Steluta Despa-Niculae (Member) and Roman Bulat (Member).

In 2018, SMHL registered a record production of 1,938,461 tonnes of bauxite compared to 1,787,716 tonnes in 2017. In terms of sales, in 2018, SMHL also achieved significant increase in sales which amounted to 1,957,280 tonnes compared to 1,687,213 tonnes in 2017. Under these circumstances, SMHL managed to take advantage of the market opportunities by selling the surplus of its bauxite to third parties.
Moreover, the efforts made during the last years through a number of investments made to improve the efficiency of its operations were also reflected in 2018, recording a net profit of over USD 13.9 million (of which USD 5.5 million from operation and USD 8.4 million representing other revenues from deferred income tax), a level 92% higher than the one reported during the similar period of 2017.

Some of the main factors that contributed to the increase in the company's performance in 2018 are listed below:

- a better organization of the production processes through outsourcing of the excavation and transportation activities;
- increasing the operational effectiveness through implementation of a regular program of repairs and maintenance for the used equipment which directly results in reduction of production losses;
- making investments for modernisation of equipments used in exploration, mining, beneficiation and transshipping operations;
- improving the bauxite quality specifications by performing an optimal blend of mined and processed ores;
- implementing a new reorganization program of the company's activities and maintaining qualified personnel necessary to achieve quantitative and qualitative production parameters.

The positive results achieved in 2018 continued the same upward trajectory started in 2015 and the management makes effort to consolidate and maintain them in the coming years, as well. SMHL continues to implement costs reduction measures in all its operational areas – excavation and transportation; optimization of the number of active mines; activity effectiveness through a correct sizing of employees number and properly training them; improving the operational efficiency of river transportation, such as the loading rates and a more effective management of the existing fleet. Moreover, the Group's management is closely monitoring the activity in Sierra Leone, in order to take necessary measures to improve performance in real time.

Locally, SMHL is an active member within the communities in Sierra Leone, a special attention is being paid to the environmental protection, considering the footprint of mining activity, while sustaining programs for social and community development

1.2 Management and organizational culture

The management team promotes the values that define the Company's organizational culture and mainly:

- **Performance**
  In Alum continues the implementation of an efficient performance management system based on establishing department goals, derived from Company's goals, quantifiable and agreed between the managers and their subordinates
- **Competence**
  Main performance competences will be identified in close relation with Company's strategic objectives, by means of real, financial, operational and behaviour indicators. The existing strong points that facilitate the implementation of this system consist in the good experience gathered in the field and in the human, financial and technical potential of the Company.
- **Rentability**, meaning the concern, on all decisional levels, for the increase of the profitability through measures that ensure the continuous improvement on technological, commercial ad financial level
- **Ecological and social responsibility**, that presumes, among other things, the protection of the environment (compliance with the requirements from the Integrated Environmental Licence), the contribution to the local society development and for the general economic progress.

Alum's main goals regarding the environment are the following:
- Compliance with the environmental law adopted under the requierements of the European Directives and strictly respect all legal regulations applicable to the company;
- Continuous improvement of activities, processes, products and environmental performance;
- Preparation for emergencies situations and the ability to respond, organizing and conducting simulation exercices for incidents involving dangerous substances;
- Pollution prevention and combat the environmental factors through investments, organizational measures, maintenance and repairs and technological changes;
- Continuous monitoring of environmental aspects of production activity through weekly environmental programs.

Through its environmental policy, the Company creates the premises for the activity in the most demanding environmental standards set by the athorities.

In this respect, in 2018, have been acquired, installed and commissioned new process heat recovery installations which have led to the natural gas specific consumption reduction continuing progressive reduction of the CO2 emissions per ton of alumina produced.

Also, in 2018 was finalized the implementation of one investment project for NOx emissions reduction according with new norms and National Transition Plan through modernization of burning systems of the boiler CaAP nr. 1.

1.3 Corporate social responsibility

The concept of corporate social responsibility (CSR) refers to the involvement of the companies in solving some of the problems of the communities where it operates.
The advantages of implementing the social responsibility management system are:
- Demonstrated commitment to business ethics, socially responsible;
- Protecting the brand;
- Enhanced reputation as a responsible corporate citizen;
- Consumers confidence and a positive perception of investors;
- A better employee morale;
- A properly working environment, safe and fair;
- Improved working conditions;
- Commercial risk management;
- Differentiation from global competitors.

1.3 Corporate social responsibility (continued)

In order to implement CSR in Alum were made the following steps:

- The Company developed procedures for the relations with the media and organized an audience program; in this way the Company expresses its openness to listening and solving the community problems (employees, citizens, local authorities, companies collaborating, etc) and involvement in education and other activities of social utility.
- Were developed and distributed questionnaires about how the Company is perceived in various community organizations with which it comes into contact (public administration, financial and banking institutions, cultural organizations and sports, religious, educational, environment protection, etc). In the feed-back received from collaborating organizations showed that Alum is actively involved in the local community life, with a positive and important influence.

In this respect, in 2018 Alum, as an active partner of the local community, activated on social plan on multiple directions, by:

- Ensuring, through the offered work conditions, the compliance with the human rights, the equality and the welfare of its employees. In this regard, the recruitment, the selection and the hiring of the work force are made, mainly, from Tulcea county. Also, the percentage of women employees increased from 10% in 2010 to 16, 82% in the present.
- Sponsorships for supporting events and actions in fields such as: health, social-humanitarian, social-cultural, education and schools, sports;
- Financial support for various projects initiated by non-profit associations in activities aimed at involving children in socio-cultural activities (such as "The Light Festival 2018", ”Run for a reason 2018”, national volleyball championship);
- Sponsorship for the Green Guerilla event – an annual event for ecological education through discussions related to the smart cities, recycling and collecting aluminum doses, alternative education through theatre. The event was also focused on Alum’s anniversary of 45 years of activity in the alumina industry presenting and reinstating the Company commitment for the environment protection;
- Financial support for the non-profit organization "From the heart to the smile" in the benefit of children with autism and other people in distress;
- Sponsorship for the “Rowmania FEST” event- International Rowing Boat Festival organized by the non-profit association “Ivan Patzaichin – Mila 23”;
- Financial support for Romanian Red Cross National Society - Tulcea Branch for supporting people with incurable diseases;
- Sponsorship for the School from Valea Nucarilor for equipping the computer science laboratory with computers;
- Financial support for Tulcea County Emergency Hospital in order to endow the Neonatology Section;
- Collecting funds for gifts offered during the winter and Easter holidays to the old people from the elderly persons' home in Tulcea;
- Collecting clothes, toys, food for the low-income families with several children;
- Continuing a partnership with a local instructor to offer free swimming lessons for Alum’s employees children and supporting their participation in sports competitions (swimming, triathlon, etc).

1.4. Risk management

Taxation

Income tax expense represents the sum of current and deferred income tax.

The tax rate used is the corporate tax rate payable by each company of the Group on taxable profits under the tax law applicable in the jurisdictions where they operate (i.e., Romania: 16%, Sierra Leone: 30%)

Deferred tax from fiscal loss relates to the Parent Company and Sierra Mineral Holdings I, Ltd. and the management believes there will be sufficient taxable profits in the future against which these fiscal losses could be used. The losses can be carried forward and used against future taxable profits for a period of maximum 7 years in Romania and 10 years in Sierra Leone (losses used cannot exceed 50% of the taxable profits for the year in Sierra Leone).

1.4. Risk management (continued)

Taxation (continued)

At Sierra Mineral Holdings I, Ltd., the future taxable profits were based on financial forecasts estimated by the directors at 31 December 2018 and cover a five-year period. The cash flows beyond the five-year period have been extrapolated until the year 2027, when the estimated reserves (measured, indicated and inferred) will be depleted at a 2% growth rate in line with the forecast inflation, except for the terminal year when a reduced production is foreseen at the level of the remaining reserves. The main assumptions used in the forecast are the average sales growth of 1.03% per annum (31 December 2017: 3.16% per annum), average EBITDA margin of 18.74% (31 December 2017: 19.86%) and a profit before tax margin of 11.75% per annum (31 December 2017: 14.85% per annum). As the result of the forecast, the management expects to use an amount of RON 113,715 thousand from total RON 252,746 thousand (31 December 2017: RON 156,886 thousand from total RON 253,901 thousand) of prior years' accumulated tax losses to offset its future taxable profits by the end of the respective carry forward period. The forecasts are most sensitive to the EBITDA margin and profit before tax margin. A decrease in the forecasted EBITDA margin by 1.0% would reduce the deferred tax assets by RON 2,200 thousand (31 December 2017: RON 4,600 thousand) and a decrease in the forecasted profit before tax margin by 1.0% would reduce the deferred tax assets by RON 2,700 thousand (31 December 2017: RON 3,800 thousand).

As the result of the forecast, the management expects to use an amount of RON 156,886 thousand from total RON 253,901 of prior years' accumulated tax losses to offset its future taxable profits by the end of the respective carry forward period. The forecasts are most sensitive to the average growth rate and EBITDA margin. A decrease in the forecasted average growth rate by 1.0% would reduce the deferred tax assets by RON 4,600 thousand and a decrease in the forecasted EBITDA margin by 1.0% would reduce the deferred tax assets by RON 3,100 thousand.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use derivatives to cover the above mentioned risks.

Risk management is carried out by the treasury function under policies approved by the Board of Directors. Treasury function identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital,

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to the owners of the Entity, comprising issued capital, reserves and accumulated deficit. The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

1.4. Risk management (continued)

Capital risk management (continued)

The gearing ratio at December 31, 2018 and December 31, 2017 was as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Total borrowings	60,545	12,412
Less: cash and cash equivalents	(5,324)	(10,447)
Net debt	**55,221**	**1,965**
Total equity	298,146	233,398
Total capital	**353,367**	**235,363**
Gearing ratio	**15.63%**	**0.83%**

Foreign currency risk management

The Group is exposed to foreign exchange risk because the predominant part of its sales of calcined alumina and bauxite are denominated in or linked to the USD while the vast majority of its operating costs (such as power costs, wages, etc,) are denominated in or linked to the RON. The Group is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	December 31, 2018		December 31, 2017	
	Euro denominated	US Dollars denominated	Euro denominated	US Dollars denominated
	' 000 RON	'000 RON	' 000 RON	'000 RON
Total current assets	14,544	8,960	15,411	9,039
Total non-current assets	-	-	-	53,344
Total assets	**14,544**	**8,960**	**15,411**	**63,383**
Total short-term liabilities	8,337	33,532	10,101	39,717
Total long-term liabilities	99	59,953	10,704	-
Total liabilities	**8,437**	**93,485**	**20,805**	**39,717**

Foreign currency sensitivity

The Group is mainly exposed to the European Currency and the US Dollars. The following table details the Group's sensitivity to a 10% increase or decrease in the Romanian Lei against the relevant foreign currencies. Ten per cent is the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible yearly change in foreign exchange rates.

	December 31, 2018		December 31, 2017	
	Euro	US Dollars	Euro	US Dollars
	'000 RON	'000 RON	'000 RON	'000 RON
Profit or loss	(611)	8,452	539	(2,367)
Equity	(513)	7,100	453	(1,988)

1.4. Risk management (continued)

Foreign currency sensitivity (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their conversion at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency. A positive number indicates a positive gain in profit or loss and other equity where the functional currency strengthens against the relevant foreign currency.

Interest rate risk management

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings, on EURIBOR for borrowings in Euro and on ROBOR for the loans denominated in RON.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates on EUR and US Dollars denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

If interest rates would be higher/lower by 1 % and all other variables would be constant, the Entity's profit would increase/decrease by RON 600 thousand (2017: RON 104 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable interest rate USD, RON and EUR denominated borrowings.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group carries out a very prudential policy for the commercial credit risk and covers credit risk by selling against letters of credit, bank guarantees or by non-recourse factoring.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group's treasury function maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the regular basis.

In the following tables are presented the financial liabilities of the company based on contractual maturities. The amounts represent undiscounted cash flows based on the earliest period required for the company to make the payments.

1.4. Risk management (continued)

Liquidity risk (continued)

Year ended 31 December 2018

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	4,706	67,546	-	-	72,252
Accounts payable and accrued liabilities	25,118	52,312	-	-	-	77,430
Total	**25,118**	**57,018**	**67,546**	**-**	**-**	**149,682**

Year ended 31 December 2017

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	1,488	10,924	-	-	12,412
Accounts payable and accrued liabilities	34,237	49,523	-	-	-	83,760
Total	**34,237**	**51,011**	**10,924**	**-**	**-**	**96,172**

Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are determined as follows:

• The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
• The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
• The fair value of derivative instruments is calculated using quoted prices.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from valuation techniques containing inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Management consider that the fair values of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their carrying amounts largely due to the short term maturities, low transaction costs of these instruments as of financial position date, and for the long-term borrowings due to the fact that thery were recently contracted.

The fair value of the following financial assets and liabilities approximate their carrying amount:
- Trade and other receivables;
- Other current financial assets;
- Cash and cash equivalents;
- Trade and other payables;
- Borrowings.

1.4. Risk management (continued)

Financial assets and liabilities

	December 31, 2018	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	11,210	-	-	11,210
Other current assets	7,701	-	-	7,701
Cash and cash equivalents	5,324	5,324	-	-
TOTAL FINANCIAL ASSETS	**24,235**	**5,324**	**-**	**18,911**
Financial liabilities				
Borrowings, long term	60,052	-	-	60,052
Trade and other payables	77,430	-	-	77,430
Borrowings, short term	493	-	-	493
TOTAL FINANCIAL LIABILITIES	**137,975**	**-**	**-**	**137,975**

	December 31, 2017	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	14,130	-	-	14,130
Other current assets	6,657	-	-	6,657
Cash and cash equivalents	10,447	10,447	-	-
TOTAL FINANCIAL ASSETS	**31,234**	**10,447**	**-**	**20,787**
Financial liabilities				
Borrowings, long term	10,924	-	-	10,924
Trade and other payables	83,760	-	-	83,760
Borrowings, short term	1,488	-	-	1,488
TOTAL FINANCIAL LIABILITIES	**96,172**	**-**	**-**	**96,172**

Internal control system

The Group's internal control system aims to ensure conformity with the laws in force, a good operation of the Group's internal activity in accordance with the decisions made by the management and also contributes to the effectiveness of the Group's operations, the efficient use of the resources, prevention and control of the risk of failing to reach the objectives set.

Internal control is applicable throughout the operations conducted by the Group prior to and during the performance of the operations and after their completion.

Internal control is performed by accounting and financial internal control, according to the accounting policies manual, the procedures regarding the application of the manual, monitoring through the periodical control program the compliance with these accounting procedures and policies, the conformity with the accounting rules, the knowing and observance of the financial-accounting laws, ensuring the fairness and completeness of the accounting records, monitoring the obtaining and presenting in the annual financial statements of quality information to the satisfaction of the users' needs.

1.5. Market

In 2018 Alum and subsidiaries recorded in the Financial Statements a turnover in amount of RON 927,867 th, structured as follows:

✓ Sales of alumina	751,333	th RON
✓ Sales of hydrate	123,768	th RON
✓ Revenues from sales of scrap iron and wastes	367	th RON
✓ Revenues from sales of bauxite	25,331	th RON
✓ Other revenues	27,068	th RON

The following table shows the distribution of the Group's consolidated sales of alumina, hydrate and bauxite by geographical market, regardless of where the goods were produced:

	Year ended December 31, 2018	Year ended December 31, 2017
Romania	612,022	532,504
European Union	107,425	31,921
Non-European Countries	113,586	66,431
Other	94,835	78,995
Total	**927,867**	**709,851**

1.6. Competition

The competition on the alumina market is given by the sale price and quality of products. In order to get an as big as possible market share, each producer supports the marketing strategy with investments in technology and continuous modernization of the production process.

Under the circumstances of a more and more competitive global market, ALUM must continue the strategy for reducing the production cost by means of reducing consumptions (development of new ecological technologies), investing in human capital and development of new, competitive and high added value products.

In this respect, under the financing contract signed on 8 September 2016, Alum SA launched a project (SMIS 2014+) co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020 " Investing in Sustainable Development ".

The project was developed in 24 month (August 2016-August 2018) for a total value of RON 20.1 million, out of which RON 12.6 million eligible subsidies (RON 6.3 million are non-reimbursable) and main object is the acquisition of various research and development equipment (hydrate drying equipment, grinding and ranking wet hydrate, etc.). .). In September 2018 was concluded an addendum that extended the project period with 6 months, until March 2019.

In 2017 - 2018 were signed the contracts for all three equipments, for a total value of 3.638 th. EUR, were paid the advances for all contracts in amount of 1.091 th. EUR and were opened letters of credit in amount of 2.547 th. EUR. As of November 2018 the construction works for all three equipments have been finalized and were started the activities for training the personnel and setting up the parameters.

In 2018 the Company received as non-refundable funds the amount of RON 3,244 thousand (2017: RON 1.598 thousand).

The Group will continue to give a special attention to monitoring the activity and evolution of bauxite, alumina and aluminum prices on the international markets, so that the management could receive timely and relevant information in order to make the most beneficial decisions.

1.7. The shareholding structure and the Registered share capital

At December 31, 2018 the shareholding structure of ALUM is as follows:

	Statutory figures					
	December 31, 2018			December 31, 2017		
	Number of shares	Nominal Value RON (thousand)	%	Number of shares	Nominal Value RON (thousand)	%
ALRO SA	81,595,860	485,495	99.4026	81,595,860	485,495	99.4026
Individuals	487,778	2,902	0.5942	488,354	2,906	0.5949
Companies	2,565	15	0.0031	1,989	12	0.0024
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

On May 1, 2011 Alum acquired from Vimetco N.V, 100% of an investment company Global Aluminum Ltd. Global Aluminum Ltd, assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Mineral Holdings 1, Ltd., and 100% shareholding in Bauxite Marketing Ltd.

The main companies in Alum Group at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018		December 31, 2017	
Subsidiary	**Shareholding**	**Votes**	**Shareholding**	**Votes**
Global Aluminum Ltd.	100.00%	100.00%	100.00%	100.00%
Bauxite Marketing Ltd.	100.00%	100.00%	100.00%	100.00%
Sierra Mineral Holdings 1, Ltd.	100.00%	100.00%	100.00%	100.00%

1.8. Contingencies and Commitments

Contingencies

Legal cases

As at December 31, 2018 and December 31, 2017, the Group was subject to a number of lawsuits resulted from the normal course of business. Management believes that these actions, except for those already provided as of those dates, will not have a negative impact on the consolidated financial performance and consolidated financial position of the Group.

Taxation

The taxation system in Romania is undergoing a continuous development phase and is subject to various interpretations and constant changes which may sometimes be retroactive.
In some circumstances, the fiscal authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.

In Romania, the fiscal year remains open for tax audit for a period of 5 years. The management considers that the tax liabilities included in these financial statements are adequate. In Sierra Leone the term is 7 years, and the last control by the tax authorities at the Group subsidiary in Sierra Leone took place in September 2018. The group management considers that the tax liabilities included in these financial statements are appropriate.

In accordance with the requirements issued by the Romanian Ministry of Public Finance, which relates to the fiscal treatment of the elements of equity that have not been subject to the calculation of the income tax as at the date of their recording in the accounts, due to their nature, should the Romanian entities members of the Group change in the future the destination of the statutory revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to additional income tax liabilities.

1.8. Contingencies and Commitments (continued)

Commitments

As of December 31, 2018 the Group has investment commitments for the year 2019 in amount of USD 4,962 thousand (December 31, 2017: USD 3,511 thousand).

The Group has various contracts concluded as of December 31, 2018 for the acquisition in 2019 of raw materials, electricity and other materials and consumables in the amount of EUR 26,384 thousand, USD 151,245 thousand and RON 18,786 thousand, respectively (December 31, 2017: EUR 11,903 thousand, USD 148,497 thousand and RON 14,544thousand, respectively).

In 2018 the Group has ongoing operating lease contract for vehicles, with lease terms of up to 5 years. The operating lease expense amounted in 2018 to RON 174 thousand (in 2017: RON 10,970 thousand).

2.1. Consolidated Balance Sheet for year ending 2018

	December 31, 2018	December 31, 2017	Variance 2018/2017
ASSETS			
Non-current assets			
Property, plant and equipment	258,557	208,548	50,009
Intangible assets	471	691	(220)
Goodwill	75,003	71,650	3,353
Loans receivable, long term	0	54,345	(54,345)
Deferred tax	44,382	54,671	(10,289)
Total non-current assets	**378,413**	**389,905**	**(11,492)**
Current assets			
Inventories	173,321	135,208	38,113
Trade receivables	11,210	14,130	(2,920)
Other current assets	7,701	6,657	1,044
Income tax receivable	0	-	-
Cash and cash equivalents	5,324	10,447	(5,123)
Total current assets	**197,556**	**166,442**	**31,114**
Total assets	**575,969**	**556,348**	**19,621**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	488,413	488,413	-
Reserves	46,959	47,782	(823)
Accumulated deficit	(237,226)	(302,797)	65,571
Equity attributable to owners of the Entity	**298,146**	**233,398**	**64,748**
Total equity	**298,146**	**233,398**	**64,748**
Non-current liabilities			
Borrowings	59,953	10,632	49,321
Finance lease liabilities, non-current	99	292	(193)
Retirement benefit obligation	6,746	5,496	1,250
Deferred tax liabilities	-	-	-
Provisions, long term	31,567	29,530	2,036
Government grants, non-current portion	4,520	1,769	2,751
Other non-current liabilities	1,405	449	956
Total non-current liabilities	**104,290**	**48,168**	**56,122**
Current liabilities			
Trade and other payables	77,430	83,760	(6,330)
Borrowings	300	1,018	(718)
Finance lease liabilities, current	193	470	(277)
Current income tax	4,921	5,636	(715)
Provisions	3,009	-	3,009
Government grants, current portion	323	-	323
Other current liabilities	87,357	183,897	(96,540)
Total current liabilities	**173,533**	**274,782**	**(101,249)**
Total liabilities	**277,823**	**322,950**	**(45,127)**
Total equity and liabilities	**575,969**	**556,348**	**19,621**

2.2. Consolidated Statement of Comprehensive Income for year ending 2018

At the end of 2018, Alum Group recorded a profit in amount of 55,371 KRON.

	2018	2017	Variance 2018/2017
Revenues from contracts with customers	927,867	709,851	218,016
Cost of sales	(758,902)	(588,028)	(170,874)
Gross profit	168,965	121,823	47,142
Other operating income	3,460	4,926	(1,466)
Impairment of property plant and equipment	6	3	3
Administrative expenses	(79,101)	(65,263)	(13,838)
Other operating expenses	(3,507)	(1,561)	(1,946)
Other gains/(losses)	(2,746)	(8,768)	6,022
Finance revenue	2,325	4,157	(1,832)
Finance cost	(6,191)	(5,376)	(815)
Finance result, net	(3,866)	(1,219)	(2,647)
Profit before income taxes	83,211	49,941	33,270
Income tax expense	(27,840)	37,262	(65,102)
(Loss)/profit for the period	**55,371**	**87,203**	**(31,832)**
(Loss)/profit per share	**0.67**	**1.06**	

President of the Board of Directors
D. Sc eng. Dobra Gheorghe

General Director
D. Sc eng. Dobra Gheorghe

Finance Director
Ec. Duralia Mihaela